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IDB.27/11
4 April 2003

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003

LISTS OF STATES INCLUDED IN ANNEX I TO THE CONSTITUTION OF UNIDO

Note by the Secretariat

1. Reference is made to the Lists of States included by the Depositary in Annex I to the Constitution of UNIDO, contained in document UNIDO/GC.1/3. According to Annex I to the Constitution, the Lists of States to be included by the Depositary (Secretary-General of the United Nations) in that Annex are the lists determined by the General Assembly of the United Nations for the purpose of section II, paragraph 4, of General Assembly resolution 2152 (XXI), as in effect on the date the Constitution entered into force, namely on 21 June 1985.

2. As of 4 April 2003, 170 States were Members of UNIDO. Of these, 168 are shown in the Lists of States to be included by the Depositary in Annex I to the Constitution (see overleaf). The following 2 States have become Members of UNIDO but are not yet included in any of those lists:

State	Date of accession
Tajikistan	9 June 1993
Turkmenistan	16 February 1995

Pursuant to paragraph 1 of Annex I to the Constitution, if a State not listed in any of those lists becomes a Member of UNIDO, the General Conference shall decide, after appropriate consultations, in which of those lists it is to be included. The matter was brought to the attention of the Conference at its ninth session for consideration.

3. The present note supersedes document GC.9/16.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

A. States from List A of document UNIDO/GC.1/3

Afghanistan
Algeria
Angola
Bahrain
Bangladesh
Benin
Bhutan
Botswana
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African Republic
Chad
China
Comoros
Congo
Côte d'Ivoire
Democratic People's Republic of Korea
Democratic Republic of the Congo
Djibouti
Egypt
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
India
Indonesia
Iran (Islamic Republic of)
Iraq
Israel
Jordan
Kazakhstan
Kenya
Kuwait
Kyrgyzstan
Lao People's Democratic Republic
Lebanon
Lesotho
Liberia
Libyan Arab Jamahiriya
Madagascar
Malawi
Malaysia
Maldives
Mali
Mauritania
Mauritius
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Nepal
Niger
Nigeria
Oman
Pakistan
Papua New Guinea
Philippines
Qatar
Republic of Korea
Rwanda
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
Sri Lanka
Sudan
Swaziland
Syrian Arab Republic
Thailand
Togo
Tonga
Tunisia
Uganda
United Arab Emirates
United Republic of Tanzania
Uzbekistan
Vanuatu
Viet Nam
Yemen
Zambia
Zimbabwe

B. States from List B of document UNIDO/GC.1/3

Austria
Belgium
Cyprus
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Japan
Luxembourg
Malta
Monaco
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom of Great Britain and Northern Ireland

C. States from List C of document UNIDO/GC.1/3

Argentina
Bahamas
Barbados
Belize
Bolivia
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
Uruguay
Venezuela

D. States from List D of document UNIDO/GC.1/3

Albania
Armenia
Azerbaijan
Belarus
Bosnia and Herzegovina
Bulgaria
Croatia
Czech Republic
Georgia
Hungary
Lithuania
Poland
Republic of Moldova
Romania
Russian Federation
Serbia and Montenegro
Slovakia
Slovenia
The former Yugoslav Republic of Macedonia
Ukraine

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United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003

LISTS OF STATES INCLUDED IN ANNEX I TO THE CONSTITUTION OF UNIDO

Note by the Secretariat

1. Reference is made to the Lists of States included by the Depositary in Annex I to the Constitution of UNIDO, contained in document UNIDO/GC.1/3. According to Annex I to the Constitution, the Lists of States to be included by the Depositary (Secretary-General of the United Nations) in that Annex are the lists determined by the General Assembly of the United Nations for the purpose of section II, paragraph 4, of General Assembly resolution 2152 (XXI), as in effect on the date the Constitution entered into force, namely on 21 June 1985.

2. As of 21 August 2003, 171 States were Members of UNIDO. Of these, 168 are shown in the Lists of States to be included by the Depositary in Annex I to the Constitution (see overleaf). The following 3 States have become Members of UNIDO but are not yet included in any of those lists:

State	Date of accession
Tajikistan	9 June 1993
Timor-Leste	31 July 2003
Turkmenistan	16 February 1995

Pursuant to paragraph 1 of Annex I to the Constitution, if a State not listed in any of those lists becomes a Member of UNIDO, the General Conference shall decide, after appropriate consultations, in which of those lists it is to be included. The matter was brought to the attention of the Conference at its ninth session for consideration.

3. The present note supersedes document IDB.27/11.

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V.03-87277 (E)

Distr.: 22 August 2003

A. States from List A of document UNIDO/GC.1/3

Afghanistan
Algeria
Angola
Bahrain
Bangladesh
Benin
Bhutan
Botswana
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African Republic
Chad
China
Comoros
Congo
Côte d'Ivoire
Democratic People's Republic of Korea
Democratic Republic of the Congo
Djibouti
Egypt
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
India
Indonesia
Iran (Islamic Republic of)
Iraq
Israel
Jordan
Kazakhstan
Kenya
Kuwait
Kyrgyzstan
Lao People's Democratic Republic
Lebanon
Lesotho
Liberia
Libyan Arab Jamahiriya
Madagascar
Malawi
Malaysia
Maldives
Mali
Mauritania
Mauritius
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Nepal
Niger
Nigeria
Oman
Pakistan
Papua New Guinea
Philippines
Qatar
Republic of Korea
Rwanda
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
Sri Lanka
Sudan
Swaziland
Syrian Arab Republic
Thailand
Togo
Tonga
Tunisia
Uganda
United Arab Emirates
United Republic of Tanzania
Uzbekistan
Vanuatu
Viet Nam
Yemen
Zambia
Zimbabwe

B. States from List B of document UNIDO/GC.1/3

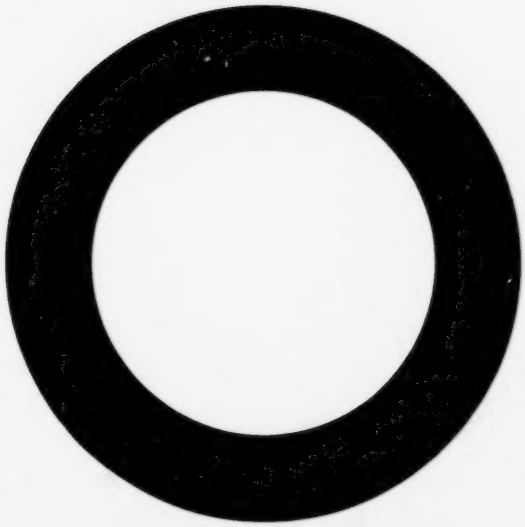
Austria
Belgium
Cyprus
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Japan
Luxembourg
Malta
Monaco
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom of Great Britain and Northern Ireland

C. States from List C of document UNIDO/GC.1/3

Argentina
Bahamas
Barbados
Belize
Bolivia
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
Uruguay
Venezuela

D. States from List D of document UNIDO/GC.1/3

Albania
Armenia
Azerbaijan
Belarus
Bosnia and Herzegovina
Bulgaria
Croatia
Czech Republic
Georgia
Hungary
Lithuania
Poland
Republic of Moldova
Romania
Russian Federation
Serbia and Montenegro
Slovakia
Slovenia
The former Yugoslav Republic of Macedonia
Ukraine



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United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003
Item 4 of the provisional agenda

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE ON THE WORK OF ITS NINETEENTH SESSION

(28-30 April 2003)

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Introduction

1. The Programme and Budget Committee held its nineteenth session at UNIDO Headquarters, Vienna International Centre, from 28 to 30 April 2003. All the 27 Members of the Committee participated in the session:

Angola, Argentina, Austria, China, Côte d'Ivoire, Democratic People's Republic of Korea, Egypt, Finland, France, Germany, Greece, Hungary, Italy, Japan, Mexico, Nigeria, Pakistan, Peru, Poland, Republic of Korea, Russian Federation, Saudi Arabia, Sudan, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland and Venezuela.

2. The following 56 Members of UNIDO also attended the session:

Afghanistan, Albania, Algeria, Azerbaijan, Belarus, Belgium, Bolivia, Bosnia and Herzegovina, Brazil, Burkina Faso, Chile, Colombia, Costa Rica, Croatia, Cuba, Czech Republic, Denmark, Ecuador, Ethiopia, Guatemala, India, Indonesia, Iran (Islamic Republic of), Ireland, Israel, Jordan, Kenya, Kuwait, Lebanon, Lithuania, Luxembourg, Malaysia, Malta, Monaco, Morocco, Namibia, Netherlands, Oman, Panama, Paraguay, Philippines, Portugal, Romania, Serbia and Montenegro, Slovakia, South Africa, Spain, Sweden, Switzerland, Syrian Arab Republic, Thailand, The former Yugoslav Republic of Macedonia, Ukraine, Viet Nam, Yemen and Zimbabwe.

3. The following organizations were represented:

United Nations Joint Inspection Unit, United Nations Development Programme, Food and Agriculture Organization, International Atomic Energy Agency, African Regional Organization for Standardization, European Union, International Centre for Genetic Engineering and Biotechnology and International Institute of Refrigeration.

4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation Mr. A. S. Naqvi (Pakistan) as Chairman; Mr. H. Szlajfer (Poland), Mr. H. A. Sahinbas (Turkey) and Mr. G. Marquez Marin (Venezuela) as Vice-Chairmen; and Mr. Y. Elatawi (Egypt) as Rapporteur.

5. The agenda for the nineteenth session as adopted by the Committee is contained in document PBC.19/1. Following the adoption of the agenda, the Director-General made an introductory statement that was duly taken into account by the Committee in the consideration of the relevant agenda items.

6. The report of the Programme and Budget Committee is submitted to the Industrial Development Board in accordance with Article 10.4 (d) of the Constitution.

7. The report contains the conclusions reached by the Committee. The annex to the present report contains a list of documents submitted to the Committee at its current session.

8. The following conclusions of the Committee contain recommendations that call for action by the Board at its twenty-seventh session or are of relevance to the work of that session:

Conclusion	Subject
2003/2	Financial situation of UNIDO
2003/3	Programme and budgets, 2004-2005
2003/4	Scale of assessments for apportionment of the regular budget, expenses for the biennium 2004-2005
2003/5	Working Capital Fund for the biennium 2004-2005
2003/6	Transition to a single currency system

I. ORGANIZATIONAL MATTERS

9. On 28 April, the Committee considered a proposal by the Chairman to optimize the utilization of available conference-servicing resources and adopted the following conclusion:

Conclusion 2003/1

The Committee, with the aim of utilizing the available conference-servicing resources to the maximum extent possible, decided to suspend with immediate effect rule 24 of its rules of procedure relating to the quorum, for the meetings of its nineteenth session only, provided no substantive decisions were taken at those meetings.

10. The Committee also decided to set up informal in-session consultations with the aim of facilitating the drafting of conclusions and entrusted Mr. H. A. Sahinbas (Turkey) (Vice-Chairman) to chair those consultations.

II. FINANCIAL SITUATION OF UNIDO (item 4); FINANCING OF UNIDO PROGRAMMES, INCLUDING NEW INITIATIVES FOR FUNDS MOBILIZATION (item 9)

11. The Committee decided to discuss simultaneously item 4 and item 9.

A. Financial situation of UNIDO (item 4)

12. On 28 April, the Committee considered a report by the Director-General on the financial situation, including arrears (PBC.19/10) and two conference room papers: a note by the Secretariat on the financial situation of UNIDO (PBC.19/CRP.4) and a note by the Secretariat on incentives and disincentives to encourage timely payment of assessed contributions (PBC.19/CRP.5).

13. On 30 April, after consideration of a draft conclusion on the *financial situation of UNIDO*, submitted by the Chairman (PBC.19/L.2), the Committee adopted the following conclusion:

Conclusion 2003/2

The Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information provided in documents IDB.27/10-PBC.19/10 and PBC.19/CRP.5;

"(b) Requests Member States to pay their assessed contributions, including advances to the Working Capital Fund, in full and on time;

"(c) Urges those Members and former Members that are in arrears to fulfil their constitutional obligations towards the Organization without further delay;

"(d) Requests the Director-General to pursue his efforts and contacts with Member States and former Member States to effect the collection of arrears;

"(e) Congratulates the Director-General for document PBC.19/CRP.5 providing information on incentives and disincentives and requests the Secretariat to continue its efforts to provide more detailed information concerning the effectiveness of existing mechanisms under other international organizations to encourage Member States to pay their assessed contributions in a timely manner."

B. Financing of UNIDO programmes, including new initiatives for funds mobilization (item 9)

14. On 28 April, the Committee considered information in the *Annual Report of UNIDO 2002* on mobilization of financial resources (PBC.19/2, chapter V) and a conference room paper on projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2002 (PBC.19/CRP.3).

15. On 30 April, at the suggestion of the Chairman, the Committee took note of the information provided by the Director-General and the Secretariat on item 9.

III. INTERIM REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 2002-2003 (item 3)

16. On 28 April, the Committee considered the interim report of the External Auditor: Audit of the United Nations Industrial Development Organization for the financial period 2002-2003 (PBC.19/6), the interim financial performance report for the biennium 2002-2003 (PBC.19/8) and the *Annual Report of UNIDO 2002* (PBC.19/2 and Add.1) and a note by the Secretariat on enhancement of decentralization (PBC.19/CRP.6).

17. On 30 April, at the suggestion of the Chairman, the Committee took note of the information provided by the External Auditor, the Director-General and the Secretariat on item 3.

IV. PROGRAMME AND BUDGETS, 2004-2005 (item 5); SCALE OF ASSESSMENTS FOR APPORTIONMENT OF THE REGULAR BUDGET EXPENSES FOR THE BIENNIUM 2004-2005 (item 6); WORKING CAPITAL FUND FOR THE BIENNIUM 2004-2005 (item 7)

18. The Committee decided to discuss simultaneously item 5, item 6 and item 7.

A. Programme and budgets, 2004-2005 (item 5)

19. On 28 and 29 April, the Committee considered the proposals of the Director-General for the programme and budgets, 2004-2005 (PBC.19/3).

20. On 30 April, after consideration of a draft conclusion on *programme and budgets, 2004-2005*, submitted by the Chairman (PBC.19/L.7), the Committee adopted the following conclusion:

Conclusion 2003/3

The Programme and Budget Committee, having considered the recommendations of the Director-General, recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Adopts for submission to the General Conference for consideration and approval the programme and budgets for the biennium 2004-2005 as contained in document IDB.27/3-PBC.19/3 and adjusted in the present decision;

"(b) Having considered the resource requirements for the regular budget contained in document IDB.27/3-PBC.19/3, recommends to the General Conference the approval of estimates of gross expenditures of €145,013,300 to be financed from assessed contributions in the amount of €142,000,000 and other income of €3,013,300;

"(c) Also recommends to the General Conference the approval of estimates of gross expenditures totalling €21,826,870 for the purpose of the operational budget for the biennium 2004-2005 to be financed from voluntary contributions in the amount of €21,512,370 and other income amounting to €314,500 as may be provided for in the financial regulations;

"(d) Notes the assurance by the Secretariat that the delivery of technical cooperation will be preserved in quantity and quality terms;

"(e) Requests the Director-General to raise the necessary resources through voluntary contributions with the assistance of the working group on voluntary contributions, to ensure that the reduction in the regular budget does not affect technical cooperation delivery in a negative manner;

"(f) Also requests the Director-General to continue to seek efficiency gains in the implementation of the programme and budgets;

"(g) Recommends that the present reduction in the budget will not be treated as a precedent for future budget."

B. Scale of assessments for apportionment of the regular budget expenses for the biennium 2004-2005 (item 6)

21. On 28 and 29 April, the Committee considered a note by the Secretariat on the scale of assessments for the fiscal period 2004-2005 (PBC.19/7 and Add.1).

22. On 30 April, after consideration of a draft conclusion on the *scale of assessments for apportionment of the regular budget expenses for the biennium 2004-2005*, submitted by the Chairman (PBC.19/L.3), the Committee adopted the following conclusion:

Conclusion 2003/4

The Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of documents IDB.27/7-PBC.19/7 and Add.1;

"(b) Recommends that the General Conference, under its constitutional prerogative, establish a scale of assessments for the fiscal period 2004-2005 based on United Nations General Assembly resolutions 55/5 B-F and 57/4 B, adjusted to the membership of UNIDO on the understanding that new Members shall be assessed for the year in which they become Members on the basis of the United Nations scale of assessments, as applicable to UNIDO;

"(c) Requests Member States to pay their assessed contributions for the 2004-2005 biennium in accordance with financial regulation 5.5 (b), which states that contributions and advances shall be due and payable in full within thirty days of the receipt of the communication of the Director-General, or as of the first day of the calendar year to which it relates, whichever is later;

"(d) Calls on Member States and former Member States that are in arrears to fulfil their constitutional obligations by paying their outstanding assessed contributions in full and without conditions as soon as possible, or to take advantage of payment plans to settle their arrears in accordance with previous decisions by the governing bodies of UNIDO."

C. Working Capital Fund for the biennium 2004-2005 (item 7)

23. On 28 and 29 April, the Committee considered the proposals by the Director-General for the Working Capital Fund for the biennium 2004-2005 (PBC.19/4).

24. On 30 April, after consideration of a draft conclusion on *Working Capital Fund for the biennium 2004-2005*, submitted by the Chairman (PBC.19/L.4), the Committee adopted the following conclusion:

Conclusion 2003/5

The Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of document IDB.27/4-PBC.19/4;

"(b) Recommends to the General Conference that the level of the Working Capital Fund and the authorized purposes of the Fund for the 2004-2005 biennium remain the same as for the 2002-2003 biennium (€7,423,030);

"(c) Urges Member States to pay their outstanding assessed contributions for 2003 and arrears as soon as possible to minimize the need to withdraw sums to meet shortfalls in the payment of assessed contributions."

V. TRANSITION TO A SINGLE CURRENCY SYSTEM (item 8)

25. On 29 April, the Committee had before it a report by the Director-General on transition to a single currency system (PBC.19/9).

26. On 30 April, after consideration of a draft conclusion on *transition to a single currency system*, submitted by the Chairman (PBC.19/L.5), the Committee adopted the following conclusion:

Conclusion 2003/6

The Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information provided in document IDB.27/9-PBC.19/9 on the transition to a single currency system, and in particular regarding the preparation of the interim financial performance report for the biennium 2002-2003;

"(b) Notes with satisfaction the steps taken by the Director-General to ensure the introduction of the euro as a single currency for budgeting, assessment, accounting and reporting;

"(c) Requests the Director-General to inform Member States of further developments, inter alia, resulting from the closure of the biennium's accounts, as well as on the management of technical cooperation projects in both dollars and euros."

VI. APPOINTMENT OF AN EXTERNAL AUDITOR (item 10)

27. On 29 April, the Committee considered a report by the Director-General on candidatures for the appointment of an External Auditor (PBC.19/5) and a note by the Secretariat on the same subject (PBC.19/CRP.2).

28. On 30 April, at the suggestion of the Chairman, the Committee took note of the information provided by the Director-General and the Secretariat on item 10.

VII. DATE OF THE TWENTIETH SESSION (item 11)

29. On 30 April, the Committee had before it a conference room paper on dates reserved for the UNIDO governing bodies in 2004 (PBC.19/CRP.7). After consideration of a draft conclusion on the *date of the twentieth session*, submitted by the Chairman (PBC.19/L.6), the Committee adopted the following conclusion:

Conclusion 2003/7

The Committee decided to hold its twentieth session from 8 to 9 September 2004.

VIII. ADOPTION OF THE REPORT (item 12) AND CLOSURE OF THE NINETEENTH SESSION

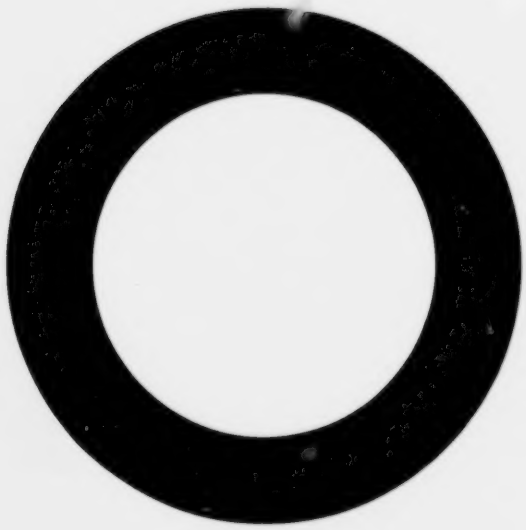
30. On 30 April, the Committee adopted the draft report of its nineteenth session (PBC.19/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

31. The Committee closed its nineteenth session at 4.25 p.m. on 30 April 2003.

Annex

LIST OF DOCUMENTS SUBMITTED TO THE NINETEENTH SESSION

Symbol	*Agenda item*	*Title*
PBC.19/1	2	Provisional agenda
PBC.19/1/Add.1	2	Annotated provisional agenda
PBC.19/2-IDB.27/2	3	Annual Report 2002
PBC.19/2/Add.1-IDB.27/2/Add.1	3	Annual Report 2002. Programme performance report. List of technical cooperation activities
PBC.19/3-IDB.27/3	5	Programme and budgets, 2004-2005. Proposals of the Director-General
PBC.19/4-IDB.27/4	7	Working Capital Fund for the biennium 2004-2005. Proposals by the Director-General
PBC.19/5-IDB.27/5	10	Candidatures for the appointment of an External Auditor. Report by the Director-General
PBC.19/6-IDB.27/6	3	Interim report of the External Auditor: Audit of the United Nations Industrial Development Organization for the financial period 2002-2003
PBC.19/7-IDB.27/7	6	Scale of assessments for the fiscal period 2004-2005. Note by the Secretariat
PBC.19/7/Add.1-IDB.27/7/Add.1	6	Scale of assessments for the fiscal period 2004-2005. Note by the Secretariat. Addendum
PBC.19/8-IDB.27/8	3	Interim financial performance report for the biennium 2002-2003. Submitted by the Director-General
PBC.19/9-IDB.27/9	8	Transition to a single currency system. Note by the Secretariat
PBC.19/10-IDB.27/10	4	Financial situation, including arrears. Report by the Director-General
		Conference room papers
PBC.19/CRP.1	2	List of documents
PBC.19/CRP.2	10	Candidatures for the appointment of an External Auditor. Note by the Secretariat
PBC.19/CRP.3	9	Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2002. Prepared by the Secretariat
PBC.19/CRP.4	4	Financial situation of UNIDO. Note by the Secretariat
PBC.19/CRP.5	4	Incentives and disincentives to encourage timely payment of assessed contributions. Note by the Secretariat
PBC.19/CRP.6	3	Enhancement of decentralization, 2002-2003. Note by the Secretariat
PBC.19/CRP.7	11	Dates reserved for the UNIDO governing bodies in 2004. Note by the Secretariat
PBC.19/CRP.8	-	List of participants



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20 June 2003

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003
Item 13 of the provisional agenda

PREPARATIONS FOR THE TENTH SESSION OF THE GENERAL CONFERENCE

Report by the Director-General

Provides general information on the organization of the work of the General Conference, tenth session, including items proposed for inclusion in the provisional agenda.

Introduction

1. The General Conference of UNIDO is the principal organ of the Organization, consisting of representatives of all Members (Articles 7.1 and 8.1 of the Constitution). The main functions of the Conference are stipulated in Article 8.3 of the Constitution. In particular, the Conference should determine the guiding principles and the policies of the Organization. Unless it decides otherwise, the Conference is to hold a regular session every two years, at the seat of the Organization (Article 8.2). The last regular session (ninth) of the Conference was held in Vienna from 3 to 7 December 2001.

I. BACKGROUND INFORMATION

A. Date and place of the Conference

2. At its ninth session, in decision GC.9/Dec.22, the Conference decided that its tenth session should be held in Vienna from 1 to 5 December 2003. In this connection, as for previous sessions, the Austrian Federal Government has placed at the disposal of UNIDO conference facilities at the Austria Center Vienna (ACV) free of charge for meetings that cannot be accommodated by the conference facilities of the Vienna International Centre.

B. Office space for delegations

3. Office space for delegations and their permanent missions required during the tenth session of the Conference can be rented in the ACV. Delegations wishing to rent such offices are invited to contact, as soon as possible, Ms. Sabine Hagenauer, Project Manager, ACV (telephone 260 69 ext. 2350).

C. Budgetary matters

4. The resources available for holding the tenth session of the Conference, as provided for in the programme and budgets of UNIDO, 2002-2003, total €1,279,900. The budget of the Conference is based on the following assumptions:

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(a) The session will last five working days providing for 10 plenary meetings, four main committee meetings and five geographical group meetings;

(b) Interpretation for plenary and main committee meetings and documentation will be provided in six languages (Arabic, Chinese, English, French, Russian and Spanish);

(c) Summary records, which will be provided for plenary meetings as well as meetings of the main committee, will be issued—to the extent possible—in English during the session and the other five languages will be issued as soon as possible after the session.

D. Agenda

5. In accordance with Article 9.4 (g) of the Constitution, the Board prepares the provisional agenda for each session of the General Conference. Rule 13 of the rules of procedure of the Conference provides guidelines for the contents of the provisional agenda of a regular session of the Conference. Furthermore, in accordance with rule 12, the Board shall prepare that provisional agenda on the basis of a list of items proposed for inclusion as submitted by the Director-General.

6. Annotations indicating briefly the history of each item, the proposed documentation, the substance of the matter to be discussed and earlier relevant decisions by the Conference or other organs of the Organization will be issued following the twenty-seventh session of the Board.

7. A list of items proposed for inclusion in the provisional agenda for the tenth session of the Conference is contained in the annex to the present document, together with an indication of relevant mandates for the items.

E. Documentation

8. In accordance with rule 23 of the rules of procedure of the Conference, documents required for consideration of items on the provisional agenda shall be distributed by the Director-General in all languages of the Conference to all recipients of the provisional agenda, as far as possible at the same time as the provisional agenda (ninety days before the opening date) and in any event not later than forty-five days before the opening date of a regular session.

II. ORGANIZATION OF THE WORK OF THE CONFERENCE

9. In tandem with the session and as encouraged by the Conference in resolution GC.9/Res.1, it is planned to hold a forum on "The role of industrial development in the achievement of the Millennium Development Goals". The forum would provide an opportunity for high-level participants to communicate their views on this important topic, and is also proposed for inclusion in the provisional agenda of the session (annex, item 9). In addition, several round-table discussions on development issues will be organized during the period of the Conference. Specific details on the forum and the round tables will be provided as planning progresses.

10. At its previous sessions, the Conference established a main committee to which it allocated a number of agenda items. The Board may wish to recommend to the Conference a similar procedure for its tenth session, keeping in mind that the possibility of creating additional committees is constrained by the limited resources available (see para. 4 above). Items 7 to 16 and item 18 of the proposed draft agenda would thus be referred to the main committee for a more focused debate aimed at the preparation of consensus draft decisions and resolutions for submission to the plenary.

11. The work of the previous sessions was also facilitated by setting up, under the guidance of the President of the Board, informal consultations for the preparation of the Conference. Such an informal group, composed of representatives of permanent missions to UNIDO in Vienna, has met prior to previous Conferences and has prepared a report to the Conference containing recommendations that cover most of the items on the agenda as well as organizational matters.

III. ACTION REQUIRED OF THE BOARD

12. The Board may wish to consider adopting the following decision:

"The Industrial Development Board:

"(a) Takes note of the information provided in document IDB.27/13;

"(b) Adopts the following agenda for the tenth session of the General Conference.

[...]

"(c) Agrees to hold a forum on "The role of industrial development in the achievement of the Millennium Development Goals" within the framework of the General Conference (provisional agenda, item [9]);

"(d) Recommends to the Conference that items 7 to 16 and item 18 of the provisional agenda be allocated to a main committee of the Conference;

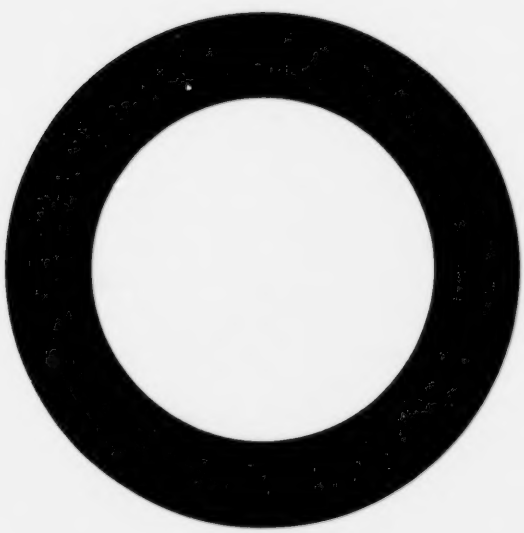
"(e) Recommends that, in the light of experience gained in the preparation of previous sessions of the Conference, the President of the twenty-seventh session of the Industrial Development Board conduct informal consultations for the preparation of the tenth session of the Conference."

Annex

ITEMS PROPOSED FOR INCLUSION IN THE PROVISIONAL AGENDA

General Conference, tenth session
1-5 December 2003

		Mandate
1.	Opening of the session.	Rule 34
2.	Election of officers.	Rule 35
3.	Adoption of the agenda.	Rule 17
4.	Organization of work.	Rules 44-47
5.	Credentials of representatives to the Conference.	Rule 28
6.	Elections to organs:	Rule 102
	(a) Industrial Development Board;	Constitution, Article 9.1
	(b) Programme and Budget Committee.	Constitution, Article 10.1
7.	Annual reports of the Director-General on the activities of the Organization for 2001 and 2002.	Rule 13.1 (b)
8.	Reports of the Industrial Development Board on the work of its twenty-fifth, twenty-sixth and twenty-seventh regular sessions.	Constitution, Article 8.3 (b) Rule 13.1 (c)
9.	The role of industrial development in the achievement of the Millennium Development Goals (forum).	Rule 13.1 (b) (Submitted by Director-General—see para. 9 above) GC.9/Res.1
10.	Financial matters:	
	(a) Scale of assessments of Member States;	Constitution, Article 15 Rule 13.1 (k)
	(b) Financial situation of UNIDO;	Rule 13.1 (l) IDB.26/Dec.3 IDB.26/Dec.4 (h)
	(c) Working Capital Fund;	Financial regulation 5.4 PBC conclusion 2003/5
	(d) Transition to a single currency system;	GC.8/Dec.16 (e)
	(e) Appointment of an External Auditor.	Financial regulation 11.1
11.	Implementation of the medium-term programme framework, 2002-2005.	GC.9/Res.2 (4)
12.	Medium-term programme framework, 2004-2007, including:	GC.2/Dec.23, GC.6/Dec.10 IDB.26/15
	(a) Field representation;	
	(b) Application of the strategic guidelines "Towards improved UNIDO programme delivery";	
	(c) Integrated programmes and country service frameworks;	
	(d) Service modules.	
13.	Programme and budgets, 2004-2005.	Constitution, Articles 8.3 (c) and 14 Rule 13.1 (i)
14.	International Centre for Science and High Technology.	GC.9/Res.4 (3)
15.	UNIDO Staff Pension Committee.	GC.1/Dec.37
16.	Matters related to intergovernmental, non-governmental, governmental and other organizations.	GC.1/Dec.41, annex
17.	Application for observer status.	Constitution, Article 4.1
18.	Date and place of the eleventh session.	Rule 13.1 (s)
19.	Closure of the session.	



GENERAL

GC.10/5
IDB.27/14
24 June 2003

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Tenth session
Vienna, 1-5 December 2003

Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003
Item 7 of the provisional agenda

MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007

Revised proposals of the Director-General

Provides information on proposed activities in the forthcoming medium-term programme framework period, 2004-2007.

Introduction

1. The present note is submitted in accordance with Industrial Development Board decision IDB.26/Dec.7, adopted at the twenty-sixth session, which requested the Director-General to take the strategic guidelines "Towards improved UNIDO programme delivery", adopted by the Board at the same session, fully into account when developing his proposals for the medium-term programme framework (MTPF), 2004-2007. As such, it follows upon the proposals submitted by the Director-General to the Board at its twenty-sixth session through the Programme and Budget Committee in document IDB.26/8-PBC.18/9, in accordance with General Conference decision GC.2/Dec.23, as subsequently amended in decision GC.6/Dec.10. The note also complies with paragraph (b) (v) d of decision GC.2/Dec.23, which requests the Director-General to indicate a general ceiling for the biennium 2004-2005 based on anticipated resources and on programme activity.

I. BACKGROUND—THE BUSINESS PLAN AND THE STRATEGIC GUIDELINES

2. The underlying programmatic objectives and priorities of UNIDO are given in the Business Plan on the Future Role and Functions of UNIDO endorsed by the General Conference in resolution GC.7/Res.1, and reaffirmed by the General Conference in resolution GC.9/Res.2 on the MTPF, 2002-2005.

3. While continuing to recognize the validity of the Business Plan as a basis for the organizational and programmatic transformation of UNIDO, the Board adopted the strategic guidelines "Towards improved UNIDO programme delivery" at its twenty-sixth session in November 2002 (IDB.26/Dec.7). Initially proposed by Japan, the guidelines were finalized over a period of several weeks through closely coordinated and concerted efforts of Member States. They are intended to provide the Organization with a framework for further focusing its technical cooperation and global forum

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activities on producing practical and useful deliverables in areas where it has a comparative advantage. In particular, they were intended to point the way for the implementation of the MTPF for 2002-2005, the formulation of the MTPF for 2004-2007, and the preparation of the programme and budgets for 2004-2005. Detailed information on the implementation of the MTPF for 2002-2005 is provided in document IDB.27/16.

4. Since the adoption of the strategic guidelines, UNIDO has made strenuous efforts to comply with their stipulations. These efforts include ongoing reviews of the technical cooperation services provided by UNIDO, the relationship between the Organization's technical cooperation and global forum activities, and its field representation. These reviews were initiated by the Director-General after the Board of Directors' retreat in February 2003 and are being conducted by specially-constituted working groups of senior staff under the chairmanship of the Managing Directors. (An information note with the summary of discussions and recommendations from the Board of Directors' retreat, which represented a first organizational response to the strategic guidelines, was circulated to Permanent Missions on 10 April 2003.) Furthermore, as pointed out in document IDB.27/17, the strategic guidelines were issued as a booklet in March 2003 and distributed to UNIDO staff with a foreword by the Director-General stressing that all staff should fully understand the guidance given by the Member States in the strategic guidelines so that UNIDO could fully meet their expectations. Meanwhile, due attention to the requirements of the strategic guidelines was also given in the drafting of the programme and budget proposals, 2004-2005, which address all the principal issues contained in the guidelines and were recommended by the Programme and Budget Committee for adoption by the Board.

II. FORMULATION OF THE MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007

5. A comprehensive proposal for the MTPF for 2004-2007 will be presented to Member States for their deliberation at the tenth session of the General Conference. While the precise content of the MTPF will be contingent upon the outcomes of the review process currently being undertaken by UNIDO as described above, its formulation will be based on the Business Plan and the strategic guidelines. In addition, due account will be taken of the evolving objectives and priorities of the international development agenda, as given by the Millennium Development Goals (MDGs) and the related decisions taken by the international community in recent years at such conferences as the Third United Nations Conference on the Least Developed Countries (LDC III) held at Brussels in May 2001, the International Conference on Financing for Development held at Monterrey in March 2002, and the World Summit on Sustainable Development held at Johannesburg in August-September 2002.

6. The substantive adjustments currently being made by UNIDO to the content of its services in response to the strategic guidelines and the shifts in the global development objectives will help the Organization to improve the coverage, efficiency and effectiveness of these services, and to ensure the Organization's continued responsiveness to the changing industrial development requirements of its client countries. In order to ensure a degree of continuity, however, these services will continue to be provided within the framework of the existing eight service modules established under the MTPF for 2002-2005:

(a) Industrial governance and statistics;

(b) Investment and technology promotion;

(c) Quality and productivity;

(d) Small business development;

(e) Agro industries;

(f) Industrial energy and Kyoto Protocol;

(g) Montreal Protocol;

(h) Environment management.

7. Similarly, UNIDO will continue to use the two established vehicles for providing these services:

(a) Integrated programmes (IPs) or country service frameworks (CSFs), where a selection of service modules is employed in a coherent and mutually reinforcing manner to assist client countries in overcoming their critical industrial development problems;

(b) Stand-alone projects involving only one or two service modules.

8. In addition, the concept of "thematic initiatives" launched in 2002-2003 will continue to be further developed where appropriate to bring together a number of related services to address particular developmental challenges within the context of either IPs/CSFs or stand-alone projects. The issues addressed by such initiatives launched to date comprise:

(a) Strengthening the supply capacity of developing countries and transition economies by helping them to meet quality and standards requirements and overcome other technical barriers to trade,

and thus to access international markets. This initiative was launched at the International Conference on Financing for Development in Monterrey in March 2002. Projects to operationalize this initiative have been developed, inter alia, for Central America, the SAARC region, and the Mekong Delta region;

(b) Supporting the industrial rehabilitation of countries emerging from crisis situations. This initiative is being piloted with a regional project for the rehabilitation of industrial enterprises in Afghanistan, with the collaboration of Iran and Pakistan;

(c) Promoting the availability of rural energy from renewable sources for productive use. This initiative was launched at the World Summit for Sustainable Development in Johannesburg in September 2002 and is being operationalized in a number of areas, including a micro-hydropower project in the rural areas of Mali and another micro-hydropower project in the Amazonian region of Ecuador.

9. The resources required for the implementation of the first phase of the MTPF for 2004-2007 have already been presented in the proposed programme and budgets for 2004-2005 (IDB.27/3-PBC.19/3).

III. ACTION REQUIRED OF THE BOARD

10. The Board may wish to take note of the information contained in the present document.

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16 June 2003

United Nations Industrial Development Organization

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Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003
Item 6 (a) of the provisional agenda

PREPARATIONS FOR THE GLOBAL BIOTECHNOLOGY FORUM

Note by the Secretariat

Reports on activities related to the Global Biotechnology Forum to be held at Concepción, Chile from 2 to 5 March 2004, in compliance with Board decision IDB.26/Dec.8, particularly paragraphs (b) and (c).

I. BACKGROUND AND RELATION TO UNIDO'S MANDATE

1. In line with resolution GC.9/Res.2 and the medium-term programme framework 2002-2005 UNIDO promotes transfer of technology with a view to enhancing the productivity, competitiveness and quality of the industrial base of all developing countries, particularly by linking biotechnological solutions with existing sectoral programmes of UNIDO (GC.9/Res.2/A (f)). In the area of agro-industries, UNIDO promotes the use of biotechnology to upgrade underutilized raw materials, and of novel and safe strains of micro-organisms in fermented foods, to enhance the nutrient content of food. UNIDO also promotes the use of biotechnology to produce chemical feedstock from underutilized agricultural by-products (GC.9/Res.2/B (a) and (c)). In the area of environmental management, biotechnology can make a contribution to UNIDO's work on the implementation of the Stockholm Convention on Persistent Organic Pollutants by providing biological solutions to supplant technologies that pollute the biosphere and/or deplete finite resources, and introducing bio- and phyto-remediation for cleaning heavily contaminated soils. Furthermore, in the area of industrial energy efficiency and implementation of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, biotechnology can produce cleaner coal and petroleum and produce cleaner fuels such as biodiesel, ethanol, methane and molecular hydrogen as a means of lowering the levels of greenhouse gases (GC.9/Res.2/B (b), (d) and (e)). As regards UNIDO's endeavour to assist developing countries and countries in transition to build up their institutional capacities, especially those relating to the preparation and application of technical regulations and standards, UNIDO's programme on biosafety deals precisely with those issues (GC.9/Res.2/A (b)).

2. In summary, UNIDO has, for many years, consistently played the role of a facilitator in industrial sectors that stand to reap very significant benefits from biotechnology innovations, such as textiles, leather, food, wood, pulp and paper, chemicals, metals and minerals, and energy. Furthermore, through the establishment of the International Centre for Genetic Engineering and Biotechnology in the mid 1980s, UNIDO has played a pioneering role within the United Nations system in promoting biotechnology for sustainable development.

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3. The priorities of the Global Biotechnology Forum, as shown above, are clearly related to UNIDO's mandate as indicated in the medium-term programme framework, 2002-2005. Thus, the biotechnology programme is interrelated with most of UNIDO's other ongoing programmes.

II. RECENT DEVELOPMENTS IN THE PREPARATORY PROCESS

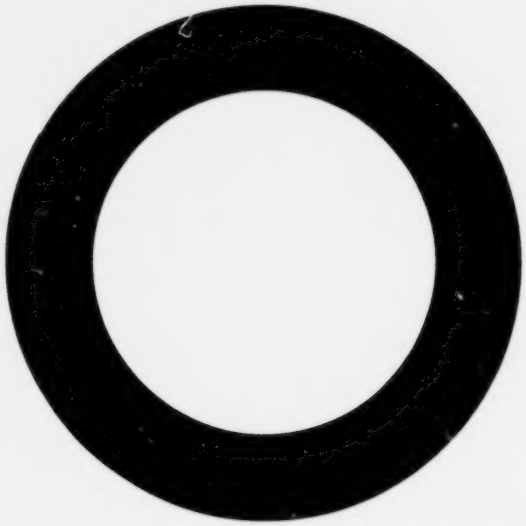
4. To ensure that ongoing normative activities in other relevant international forums are considered in the planning of the Global Biotechnology Forum, UNIDO was represented at the BIOVision 2003 conference held at Lyon, France, in April 2003. Furthermore, the Permanent Representative of Chile promoted the Forum at a meeting at OECD, also in April 2003. In addition, UNIDO has invited FAO, OECD, UNEP, UNESCO and the World Bank to participate in the International Steering Committee for the planning of the Forum programme.

5. As regards UNIDO's achievement in the preparation of the Forum, the first regional consultative meeting was held at Nairobi from 20 to 23 March 2003. A full report is available at the Secretariat and on the Forum website.[1] The second regional meeting will take place at Brasilia from 22 to 25 July 2003. A regional meeting for Asia is planned in October 2003. The regional meeting for Europe is foreseen in connection with the tenth session of the General Conference of UNIDO (1-5 December 2003). The Forum programme has been finalized in close cooperation with the International Steering Committee and is available at the Secretariat and on the Forum website. As regards briefings of regional groups, a meeting was held at the request of GRULAC on 13 March 2003.

III. ACTION REQUIRED OF THE BOARD

6. The Board may wish to take note of the information contained in the present document.

[1] http://binas.unido.org/global_forum/



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16 June 2003

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United Nations Industrial Development Organization

Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003
Item 10 of the provisional agenda

PERSONNEL MATTERS

Report by the Director-General

Provides information on the composition of staff and on developments in the common system, consequent amendments to schedules and annexes to the staff regulations and amendments to the staff rules. Invites the Board to recommend members and alternate members of the Staff Pension Committee. Informs the Board of the framework for accountability for the United Nations field security management system.

CONTENTS

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II.	COMMON SYSTEM DEVELOPMENTS	7 - 15	6
III.	MATTERS RELATED TO THE STAFF RULES	16 - 22	7
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Annexes

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V. Appendix A (continued)—New dependency allowances 15

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I. COMPOSITION OF STAFF IN THE PROFESSIONAL AND HIGHER CATEGORIES

1. Figures 1 to 6 provide information on staff in the Professional and higher categories, including internationally recruited project personnel as of 31 May 2001, prior to the promulgation of the Human Resource Management Framework in June 2001, and 31 May 2003. Additional information on the composition of the Secretariat is contained in appendix L to the Annual Report 2002.

2. Figures 1, 2A and 2B show an increase in staff from Africa as well as Asia and the Pacific. Slight decreases of one percentage point each are observed for the staffing from Latin America and the Caribbean and Eastern Europe and NIS. The overall level of staff from Western Europe and Others has remained constant, while the level of staff from non-member States has decreased.

3. As shown in figure 3, the representation in senior positions (P-5 and above) has increased as far as Africa, Latin America and the Caribbean and Western Europe and Others are concerned, while small decreases can be observed in the representation of Asia and the Pacific, Eastern Europe and NIS and non-member States.

4. Figure 4 shows an increase in the female Professional staff from the African and Asia and the Pacific regions as well as Eastern Europe and NIS States. The decrease in female Professional staff from Western Europe and Others is due to (ten) separations from service resulting from natural attrition.

5. Figure 5 shows the gender and regional distribution of regular Professional appointments from May 2001 to May 2003. A total of 15 females and 21 males were appointed. The highest number of appointments of female Professionals were from Asia and the Pacific, while the Western Europe and Others accounted for the highest number of males appointed.

6. Figures 6A and 6B provide a comparison relating to the internationally recruited consultants as of 31 May 2001 and 31 May 2003. As will be noted, on 31 May 2003 the share of Western Europe and Others was the highest (62 per cent). Increases can be observed in connection with Asia and the Pacific and non-member States and decreases in relation to the shares of the other regions.

Figure 1
Comparison of Professional-level staff at Headquarters and field offices, by region
(Percentage)

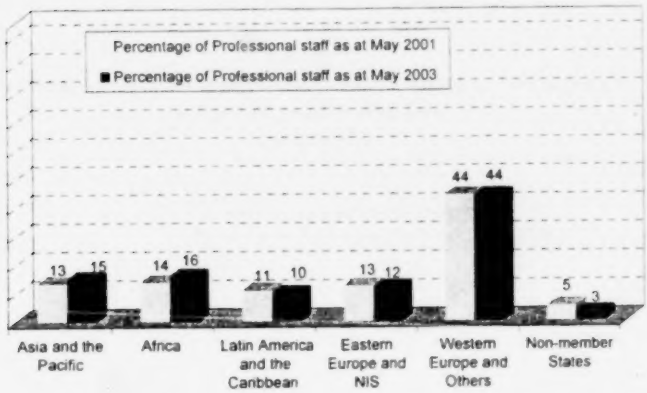


Figure 2A
Professional-level staff at Headquarters and field offices, by region
As at 31 May 2003

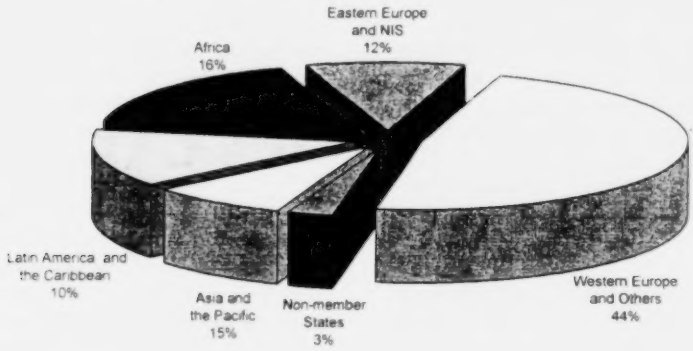

Eastern Europe and NIS 12%
Africa 16%
Latin America and the Caribbean 10%
Asia and the Pacific 15%
Non-member States 3%
Western Europe and Others 44%

Figure 2B
Professional-level staff at Headquarters and field offices, by region
As at 1 May 2001

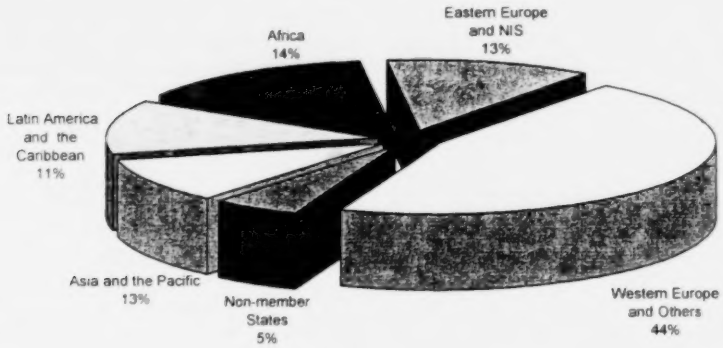

Eastern Europe and NIS 13%
Africa 14%
Latin America and the Caribbean 11%
Asia and the Pacific 13%
Non-member States 5%
Western Europe and Others 44%

Figure 3
Comparison of senior Professional-level staff at Headquarters and field offices, by region
(Percentage)

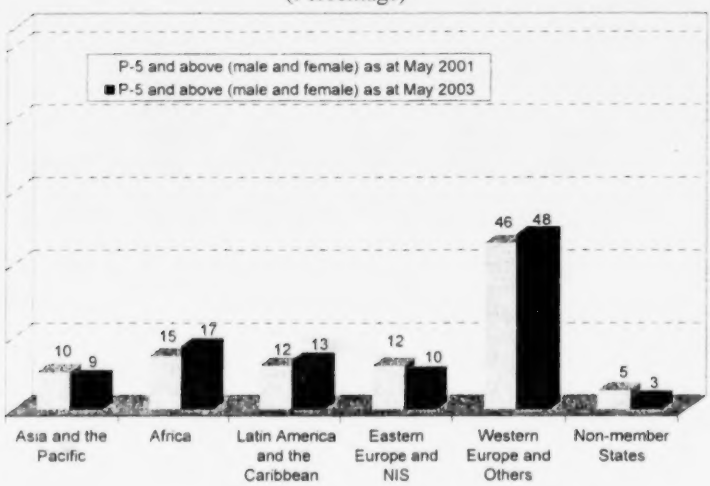


Figure 4
Comparison of female Professional-level staff at Headquarters and field offices, by region
(Percentage)

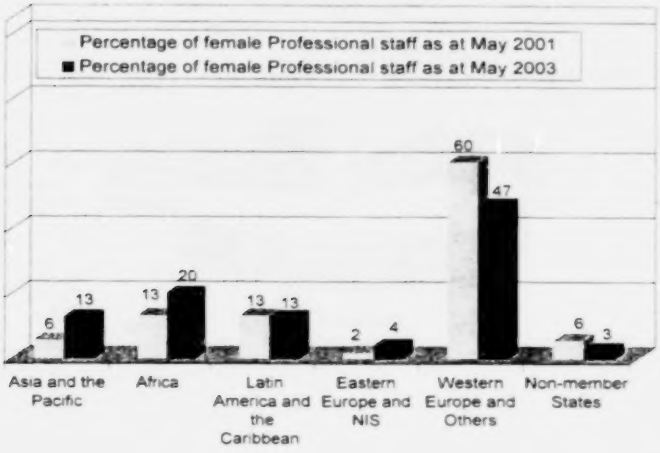


Figure 5
Number of regular appointments, May 2001 to May 2003

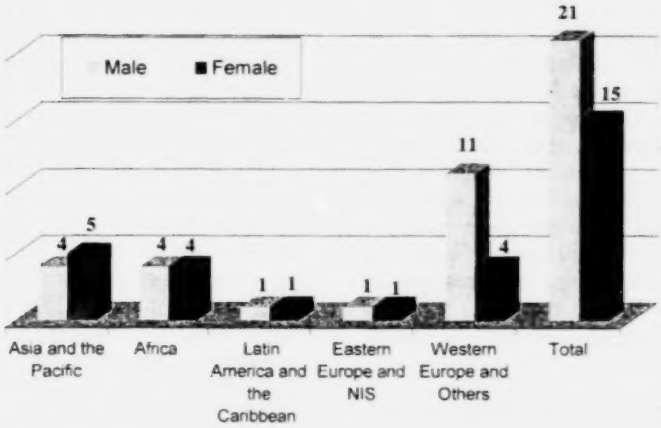


Figure 6A
International consultants on board, by region
As at 31 May 2001

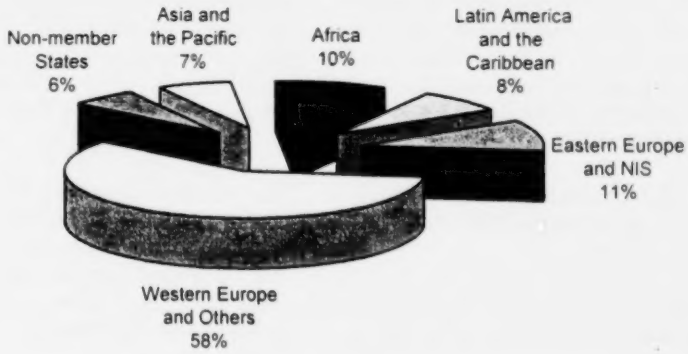
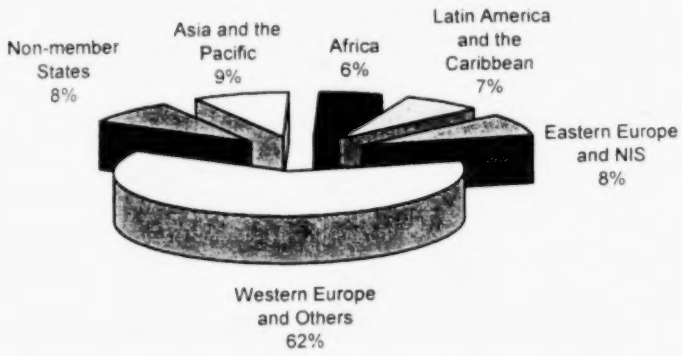

Non-member States 6%
Asia and the Pacific 7%
Africa 10%
Latin America and the Caribbean 8%
Eastern Europe and NIS 11%
Western Europe and Others 58%

Figure 6B
International consultants on board, by region
As at 31 May 2003


Non-member States 8%
Asia and the Pacific 9%
Africa 6%
Latin America and the Caribbean 7%
Eastern Europe and NIS 8%
Western Europe and Others 62%

II. COMMON SYSTEM DEVELOPMENTS

7. At its fifty-seventh session the General Assembly adopted resolution 57/285 on the United Nations common system. It considered the report of the International Civil Service Commission (ICSC) for 2002 and a related statement of the Secretary-General of the United Nations. In considering the item, the Assembly reaffirmed its commitment to a single, unified United Nations common system as the cornerstone for the regulation and coordination of the conditions of service. Furthermore, the Assembly expressed its conviction that the common system constitutes the best instrument to secure staff of the highest standards of efficiency, competence and integrity for the international civil service as stipulated in the Charter of the United Nations.

8. As provided in Article 11.5 of the UNIDO Constitution, "The conditions of service of staff shall conform as far as possible to those of the United Nations common system". In accordance with that principle, staff regulation 13.3 provides that the Director-General is authorized, within the budgetary level approved by the General Conference, to make appropriate amendments to the schedules and annexes to the staff regulations so as to bring them into conformity with any relevant decisions that may be taken by the General Assembly of the United Nations on the recommendation of the ICSC.

Salary scales for the Professional and higher categories—amendment to schedule I of the staff regulations

9. The base/floor salary scale for the Professional and higher categories was introduced by the General Assembly in section I.H of its resolution 44/198 of 21 December 1989. The scale is set by reference to the general schedule salary scale of the comparator civil service (the federal civil service of the United States of America) in Washington, D.C. Periodic adjustments are made to the scale on the basis of a comparison of net base salaries of United Nations officials with the corresponding salaries of their counterparts in the comparator civil service.

10. Under a standing mandate from the General Assembly, ICSC reviews the relationship between the net remuneration of United Nations staff in New York and that of United States federal civil service employees in comparable positions in Washington, D.C. The relationship of the respective remuneration levels has been termed as the "margin". The General Assembly, on a number of occasions has reaffirmed that the range of 110 to 120, with a desirable midpoint of 115, for the margin between the net remuneration of United Nations officials and officials of the comparator, should continue to apply, on the understanding that the margin would be maintained at a level around the desirable midpoint of 115. The overall net remuneration margin for 2002 was estimated at 109.3. In addition, different margin levels were observed for different grades, e.g. for grades P-2 and P-3 the margin for 2002 was 114.9 and 115 respectively. The margin was well below the midpoint of 115 for the senior Professional levels ranging from 109.2 for P-4, 107.8 for P-5 to 101.2 for D-1 and 104.2 for D-2.

11. In order to address the overall low margin level and, in particular, the imbalance at the upper grades, the General Assembly approved with effect from 1 January 2003 a revised base/floor salary scale for staff in the Professional and higher categories. The scale reflects differentiated real increases which bring grades P-4 to

D-2 up to the margin level of 111 and the overall margin to 112.2.

12. The revised scale also entails an increase in both the mobility and hardship allowances and the repatriation grant, paid to eligible staff; the net base salary scale is used to determine these payments.

13. The revised scale is contained in annex I to the present document.

Annex II to the staff regulations—amounts of education grant and special education grant

14. Based on the approved methodology for the determination of the levels of the education grant and following a study containing expenditure data for the academic year 2000/2001, the General Assembly approved the recommendation of ICSC to increase the maximum reimbursement levels in seven countries or currency areas, as well as other adjustments to the management of the reimbursement of expenses under the education grant as contained in paragraph 141 and annex V of the ICSC report (A/57/30). The currency areas where increases were approved are as follows: Austria (euro), Switzerland (Swiss franc), Spain (euro), United Kingdom (pound sterling), Italy (euro), United States dollar inside the United States of America and United States dollar outside the United States of America. The relevant amendments to annex II to the staff regulations are shown in annex II to the present document. Deletions are contained in square brackets and amendments are underlined.

Review of the pay and benefits system

15. As reported in document IDB.24/13, ICSC mandated by the General Assembly is undertaking a review of the pay and benefits system of the United Nations common system organizations. The ICSC, based on an agreed set of priorities and time frame for the review that extends to 2006, has achieved concrete progress in its review of related items such as the development of a new job evaluation system. UNIDO together with other organizations participated in the validation of the proposed system. The General Assembly took note of the ICSC report on this item and provided guidance for the continuation of the Commission's work in this area.

III. MATTERS RELATED TO THE STAFF RULES

Professional scales

16. In accordance with Article 54 (b) of the regulations of the United Nations Joint Staff Pension Fund, the scale of pensionable remuneration for the Professional and higher categories must be adjusted on the same date and by the same percentage as the net remuneration of officials serving in New York. In accordance with this provision, ICSC promulgated revised scales of pensionable remuneration effective 1 November 2002 and 1 January 2003. These were promulgated in appendix C to the staff rules and are contained in annex III to the present document.

Local salaries

17. **Appendix A to the staff rules.** In accordance with the Flemming principle, General Service staff shall have pay and other conditions of employment that match the best on offer at the duty station. The principle was first stated in 1949 by a body of experts on pay established by the United Nations General Assembly. It is the cornerstone of the methodology followed by ICSC for the conduct of local salary surveys. Based upon the Flemming principle, staff regulation 6.5 (a) provides that "The Director-General shall fix the salary scales for staff in the General Service and related categories, normally on the basis of the best prevailing conditions of employment in the locality, taking into account the recommendations of the International Civil Service Commission." According to the approved ICSC methodology, which takes account of changes in the consumer price and wages indices over a period of 12 months, and in consultation with the other Vienna-based organizations, the Director-General implemented effective 1 April 2003 an interim adjustment of the salary scales for General Service staff of 1.78 per cent. The revised scale is contained in annex IV to the present document.

18. **Appendix A to the staff rules (continued)—dependency allowance for children of staff in the General Service category.** Staff regulation 6.2 (b) stipulates that "Staff in the General Service and related categories shall be entitled to receive dependency allowances at rates and under conditions determined by the Director-General, due regard being given to the circumstances in the locality." Following the changes to the Austrian children's allowance (*Familienbeihilfe*) and the relevant tax credit (*Kinderabsetzbetrag*) with effect from 1 January 2003, and in coordination with the other Vienna-based organizations, 12 brackets (previously 9) of children's dependency allowance for staff in the General Service category were introduced effective 1 January 2003. The revised annual rates of the dependency allowances are contained in annex V to the present document. Any government grant received by eligible staff on behalf of a child is deducted from the staff member's emoluments.

19. **Appendix E to the staff rules.** Appendix E to the staff rules, showing the revised amounts for education grant as reported above, is contained in annex VI to the present document. Deletions are contained in square brackets and amendments are underlined.

Financial implications

20. The financial implications of the adjustments reported in relation to the remuneration elements of the Professional and higher categories amount to €977,000 for the remainder of the biennium 2002-2003. The adjustments reported in relation to the remuneration elements of the General Service category amount to €174,000 for the remainder of the biennium. The additional costs are being absorbed within the budgetary level approved by Member States by continuously maintaining a high vacancy rate.

Human Resource Management Framework—Promulgation of second phase

21. Human resource management is key to the success of the Organization. With the view to achieving a comprehensive human resource management programme and to streamlining procedures, a Human Resource Management Framework was promulgated in June 2001, as reported in document IDB.26/11. The first phase of the Framework focused on providing employment stability and contained streamlined procedures for the engagement of staff through recruitment, selection and placement. The second phase addresses career growth, merit recognition and rewards horizontal staff development and growth. The second phase was promulgated in January 2003 and is contained in Director-General's Administrative Instruction No. 16.

22. The aim of the second phase is to promote and support a performance management that recognizes and rewards contribution and merit through specific measures. This is in line with one of the underlying principles for the review of the pay and benefits system referred to above, i.e. to de-emphasize seniority and to introduce rewards, and eventually to determine pay levels, based on the contribution made by individuals and teams. The measures contained in the second phase of the Framework constitute steps in that direction and require the concerted efforts of all concerned parties.

IV. REPRESENTATION OF THE UNIDO GOVERNING BODY ON THE UNIDO STAFF PENSION COMMITTEE

23. The UNIDO Staff Pension Committee established by the General Conference (GC.1/Dec.37) held ten meetings during the period from 1 January 2002 to 31 May 2003.

24. The representatives of the General Conference appointed by decisions GC.9/Dec.19 and IDB.26/Dec.9, presently holding office for the period ending on 31 December 2003 are:

Members:

Mr. Cédric Janssens de Bisthoven (Belgium)
Mr. Mlulami M. L. Singaphi (South Africa)

Alternate Members:

Mrs. Vesna Vukovic (Croatia)
Mr. Tanmaya Lal (India)

25. The General Conference at its tenth session will be invited to elect two members and two alternate members as its representatives for the following two-year term ending December 2005. In considering its recommendation of candidates to the Conference, the Board—in the interest of continuity—may wish to recommend at least one person who has served previously on the Committee.

V. INTER-ORGANIZATIONAL SECURITY MEASURES: FRAMEWORK FOR ACCOUNTABILITY FOR THE UNITED NATIONS FIELD SECURITY MANAGEMENT SYSTEM

26. UNIDO, like other specialized agencies of the United Nations system, participates in the field security management system which addresses staff security. The system is coordinated centrally by the United Nations Security Coordinator in New York and operates under the guidance of the Secretary-General and the General Assembly. The goal of the United Nations field security management system is to enable the effective and efficient conduct of United Nations activities while ensuring the security and safety of staff as a high priority.

27. In section VIII of resolution 56/255 of 24 December 2001 the General Assembly noted with concern the lack of an accountability mechanism at the level of the United Nations common system in the area of field security and requested the Secretary-General to submit to the Assembly a comprehensive report on the establishment of a clear mechanism of accountability, including such provisions as its scope, depth and common standards and methods of enforcing them in an inter-agency structure.

28. The report of the Secretary-General on a framework for accountability for the United Nations field security management system (A/57/365) was presented to the General Assembly. The Assembly took note of the report and concurred with related recommendations by the Advisory Committee on Administrative and Budgetary Questions (decision 57/567). The United Nations Security Coordinator informed UNIDO that the General Assembly requested the Secretary-General to transmit the report to the Executive Heads of the specialized agencies so that it

may be made available to the legislative bodies of these specialized agencies. In line with that request, copies of the report will be distributed to the Board at its twenty-seventh session.

29. In accordance with the mechanisms identified to implement accountability, UNIDO has developed an organization-specific policy statement. It is expected that the policy statement will be formally adopted in the near future.

VI. ACTION REQUIRED OF THE BOARD

30. The Board may wish to consider the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information contained in document IDB.27/16;

"(b) Notes the amendments made in pursuance of staff regulation 13.3 to schedule I and annex II of the staff regulations in order to bring them into conformity with the decision of the General Assembly set out in resolution 57/285;

"(c) Further notes the amendments to appendices A, C and E to the staff rules;

"(d) Recommends to the General Conference the following candidates for the election of two members and two alternate members of the UNIDO Staff Pension Committee for the biennium 2004-2005:

Members:

..... (country)
..... (country)

Alternate Members:

..... (country)
..... (country)."

Annex I

SCHEDULE I

SALARY SCALES FOR THE PROFESSIONAL AND HIGHER CATEGORIES SHOWING ANNUAL GROSS SALARIES AND THE NET EQUIVALENTS AFTER APPLICATION OF STAFF ASSESSMENT

(In United States dollars)

Effective 1 January 2003

		STEPS													
LEVEL		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
Director																
D-2	Gross	139 050	142 085	145 119	148 154	151 189	154 223									
	Net D	96 411	98 292	100 174	102 055	103 937	105 818									
	Net S	88 571	90 159	91 741	93 318	94 890	96 456									
Principal Officer																
D-1	Gross	126 713	129 377	132 041	134 705	137 369	140 033	142 697	145 361	148 024						
	Net D	88 762	90 414	92 065	93 717	95 369	97 020	98 672	100 324	101 975						
	Net S	82 045	83 481	84 913	86 342	87 768	89 190	90 609	92 025	93 437						
Senior Officer																
P-5	Gross	104 102	106 369	108 635	110 901	113 168	115 434	117 701	119 967	122 234	124 500	126 766	129 033	131 299		
	Net D	74 743	76 149	77 554	78 959	80 364	81 769	83 174	84 580	85 985	87 390	88 795	90 200	91 606		
	Net S	69 437	70 685	71 930	73 174	74 416	75 655	76 892	78 127	79 360	80 591	81 820	83 046	84 271		
First Officer																
P-4	Gross	84 435	86 489	88 544	90 637	92 824	95 011	97 198	99 385	101 572	103 759	105 946	108 133	110 320	112 507	114 694
	Net D	62 327	63 683	65 039	66 395	67 751	69 107	70 463	71 819	73 175	74 530	75 886	77 242	78 598	79 954	81 310
	Net S	58 041	59 276	60 509	61 740	62 971	64 200	65 429	66 656	67 881	69 106	70 329	71 551	72 772	73 992	75 211
Second Officer																
P-3	Gross	68 306	70 208	72 112	74 011	75 915	77 815	79 715	81 620	83 523	85 423	87 326	89 226	91 202	93 226	95 250
	Net D	51 682	52 937	54 194	55 447	56 704	57 958	59 212	60 469	61 725	62 979	64 235	65 489	66 745	68 000	69 255
	Net S	48 242	49 396	50 553	51 706	52 862	54 015	55 169	56 324	57 477	58 632	59 782	60 933	62 083	63 233	64 384
Associate Officer																
P-2	Gross	55 346	56 907	58 465	60 027	61 729	63 429	65 130	66 829	68 532	70 233	71 932	73 636			
	Net D	42 849	43 973	45 095	46 218	47 341	48 463	49 586	50 707	51 831	52 954	54 075	55 200			
	Net S	40 191	41 210	42 226	43 244	44 260	45 279	46 313	47 344	48 379	49 412	50 444	51 479			
Assistant Officer																
P-1	Gross	42 944	44 444	45 942	47 442	48 939	50 438	51 938	53 436	54 932	56 432					
	Net D	33 920	35 000	36 078	37 158	38 236	39 315	40 395	41 474	42 551	43 631					
	Net S	31 997	32 992	33 986	34 980	35 974	36 967	37 962	38 944	39 921	40 899					

D = Rate applicable to staff members with a dependent spouse or child.
S = Rate applicable to staff members with no dependent spouse or child.

Annex II

ANNEX II TO THE STAFF REGULATIONS

AMOUNTS OF EDUCATION GRANT AND SPECIAL EDUCATION GRANT

Regulation 6.10 (a)

The amount of the grant for each child per scholastic year shall be 75 per cent of the first US$ [13,000] 14,820 (US$ [23,445] 25,743 for attendance at an educational institution in the United States of America) of admissible educational expenses, up to a maximum grant of US$ [9,750] 11,115 (US$ [17,584] 19,307 in the United States). For staff serving at duty stations where educational facilities are not available or are deemed inadequate, as determined by the International Civil Service Commission, the amount of the grant in respect of primary and secondary education shall be 100 per cent of boarding costs up to US$ [5,060] 5,235 (US$ [6,875] 7,113 in the United States) plus 75 per cent of admissible costs of attendance up to US$ [13,000] 14,820 (US$ [23,445] 25,743 in the United States) per year, with a maximum grant of US$ [14,810] 16,350 (US$ [24,459] 26,420 in the United States) per year. However, in areas where the above-mentioned expenses are incurred in specific currencies, the maximum amounts of admissible expenses expressed in these currencies shall be those set by the International Civil Service Commission.

Regulation 6.10 (b)

The amount of the grant for each disabled child per year shall be the equivalent of the educational expenses actually incurred, up to a maximum of US$ [13,000] 14,820 (US$ [23,445] 25,743 in the United States). However, in areas where the above-mentioned expenses are incurred in specific currencies, the maximum amounts of admissible expenses expressed in these currencies shall be those set by the International Civil Service Commission.

Annex III

Appendix C

SCALE OF PENSIONABLE REMUNERATION FOR THE PROFESSIONAL AND HIGHER CATEGORIES
(For purposes of pension benefits and pension contributions)
(In United States dollars)

Effective 1 November 2002

	STEPS														
LEVEL	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
D-2	162 544	166 239	169 932	173 623	177 316	181 009									
D-1	143 963	146 915	149 866	152 813	155 766	158 864	162 028	165 191	168 349						
P-5	127 411	130 081	132 751	135 423	138 094	140 762	143 433	146 106	148 773	151 444	154 115	156 792	159 654		
P-4	105 340	107 947	110 549	113 151	115 759	118 361	120 965	123 571	126 174	128 776	131 378	133 990	136 591	139 195	141 801
P-3	87 673	89 912	92 150	94 384	96 625	98 861	101 098	103 340	105 682	108 130	110 575	113 021	115 468	117 913	120 361
P-2	71 927	73 932	75 931	77 933	79 934	81 936	83 937	85 935	87 940	89 941	91 941	93 944			
P-1	56 008	57 937	59 858	61 781	63 706	65 627	67 554	69 475	71 398	73 322					

Annex III (continued)

APPENDIX C

SCALE OF PENSIONABLE REMUNERATION FOR THE PROFESSIONAL AND HIGHER CATEGORIES
(For purposes of pension benefits and pension contributions)

(In United States dollars)

Effective 1 January 2003

	STEPS														
LEVEL	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
D-2	172 784	176 712	180 638	184 561	188 487	192 413									
D-1	157 049	160 270	163 489	166 704	169 925	173 305	176 756	180 207	183 652						
P-5	130 683	133 422	136 160	138 901	141 640	144 377	147 116	149 858	152 594	155 333	158 073	160 818	163 754		
P-4	106 673	109 313	111 948	114 583	117 224	119 859	122 496	125 135	127 771	130 406	133 041	135 686	138 320	140 957	143 596
P-3	87 673	89 912	92 150	94 384	96 625	98 861	101 098	103 340	105 682	108 130	110 575	113 021	115 468	117 913	120 361
P-2	71 927	73 932	75 931	77 933	79 934	81 936	83 937	85 935	87 940	89 941	91 941	93 944			
P-1	56 008	57 937	59 858	61 781	63 706	65 627	67 554	69 475	71 398	73 322					

Annex IV

APPENDIX A

SALARY SCALES FOR GENERAL SERVICE AND RELATED CATEGORIES SHOWING ANNUAL GROSS, GROSS PENSIONABLE AND NET SALARY AFTER APPLICATION OF STAFF ASSESSMENT

(In euros)

Effective 1 April 2003

		STEPS											
LEVEL		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII*
G-1	Gross	23 805	24 601	25 397	26 194	26 990	27 786	28 582	29 378	30 174	30 970	31 766	32 562
	Gross pens.	23 695	24 454	25 211	25 969	26 726	27 485	28 242	29 000	29 757	30 515	31 273	32 030
	Net	19 194	19 807	20 420	21 033	21 646	22 259	22 872	23 485	24 098	24 711	25 324	25 937
G-2	Gross	27 717	28 640	29 564	30 487	31 410	32 334	33 257	34 181	35 104	36 027	36 951	37 874
	Gross pens.	27 415	28 293	29 169	30 046	30 924	31 800	32 677	33 589	34 513	35 435	36 358	37 280
	Net	22 206	22 917	23 628	24 339	25 050	25 761	26 472	27 183	27 894	28 605	29 316	30 027
G-3	Gross	32 244	33 313	34 382	35 451	36 519	37 588	38 657	39 726	40 795	41 864	42 932	44 034
	Gross pens.	31 719	32 734	33 795	34 863	35 930	36 999	38 067	39 135	40 203	41 271	42 339	43 407
	Net	25 692	26 515	27 338	28 161	28 984	29 807	30 630	31 453	32 276	33 099	33 922	34 745
G-4	Gross	37 484	38 721	39 957	41 194	42 430	43 685	44 972	46 258	47 545	48 831	50 118	51 404
	Gross pens.	36 898	38 134	39 371	40 606	41 842	43 078	44 314	45 550	46 785	48 022	49 257	50 493
	Net	29 727	30 679	31 631	32 583	33 535	34 487	35 439	36 391	37 343	38 295	39 247	40 199
G-5	Gross	43 558	45 046	46 534	48 022	49 509	50 997	52 485	53 973	55 461	56 949	58 436	59 924
	Gross pens.	42 959	44 388	45 816	47 245	48 674	50 103	51 532	52 961	54 390	55 819	57 248	58 677
	Net	34 393	35 494	36 595	37 696	38 797	39 898	40 999	42 100	43 201	44 302	45 403	46 504
G-6	Gross	50 855	52 576	54 296	56 016	57 736	59 457	61 177	62 897	64 618	66 449	68 294	70 139
	Gross pens.	49 971	51 625	53 279	54 932	56 586	58 240	59 892	61 546	63 200	64 853	66 538	68 259
	Net	39 793	41 066	42 339	43 612	44 885	46 158	47 431	48 704	49 977	51 250	52 523	53 796
G-7	Gross	59 299	61 291	63 282	65 309	67 445	69 581	71 717	73 854	75 990	78 126	80 262	82 399
	Gross pens.	58 086	60 000	61 914	63 828	65 742	67 733	69 724	71 716	73 708	75 699	77 691	79 683
	Net	46 041	47 515	48 989	50 463	51 937	53 411	54 885	56 359	57 833	59 307	60 781	62 255

* Long-service step.

Annex V

Appendix A (continued)

New dependency allowances:

Dependent child	Euros net per annum		
	1st child	2nd child	3rd and each additional child
Under 3	2,248	2,402	2,554
3 and over	2,335	2,489	2,641
10 and over	2,554	2,708	2,860
19 and over	2,864	3,018	3,170

Previous rates of dependency allowances:

Dependent child	Euros net per annum		
	1st child	2nd child	3rd and each additional child
Under 10	2,247	2,401	2,554
10 and over	2,466	2,619	2,772
19 and over	2,777	2,930	3,083

Annex VI

APPENDIX E

EDUCATION GRANT

Definitions No change

Payment of the grant

(b) The education grant provided for under staff regulation 6.10(a) shall be payable in respect of each child as set out below. However, for expenses incurred in specific currencies as determined by the International Civil Service Commission, the maximum amounts mentioned in all paragraphs below shall be established in those currencies. This includes the US dollar amount for attendance at an educational institution in the United States of America.

(i) In the case of attendance at an educational institution outside the duty station, the amount of the grant shall be:

(A) Where the institution provides board (food and lodging) for the child, 75 per cent of the cost of attendance and board up to US$ [13,000] 14,820 per year (US$ [23,445] 25,743 in the United States), with a maximum grant of US$ [9,750] 11,115 (US$ [17,584] 19,307 in the United States) a year;

(B) Where the institution does not provide board, US$ [3,373] 3,490 (US$ [4,583] 4,742 in the United States) plus 75 per cent of the cost of attendance up to US$ [8,503] 10,167 (US$ [17,334] 19,420 in the United States) per year, with a maximum grant of US$ [9,750] 11,115 (US$ [17,584] 19,307 in the United States) a year.

(ii) In the case of attendance at an educational institution at the duty station:

(A) The amount of the grant shall be 75 per cent of the cost of attendance, up to US$ [13,000] 14,820 (US$ [23,445] 25,743 in the United States) per year, with a maximum grant of US$ [9,750] 11,115 (US$ [17,584] 19,307 in the United States) a year;

(B) Where such an educational institution is located beyond commuting distance from the area where the staff member is serving and, in the opinion of the Director-General, no suitable educational facilities exist in that area, the amount of the grant shall be calculated at the same rates as specified in subparagraph (i) above.

(iii) No change

(iv) For staff members serving at duty stations where educational facilities are not available or are deemed inadequate, as determined by the International Civil Service Commission, the amount of the grant in respect of primary and secondary education shall be 100 per cent of boarding costs up to US$ [5,060] 5,235 (US$ [6,875] 7,113 in the United States) plus 75 per cent of the admissible costs of attendance up to US$ [13,000] 14,820 (US$ [23,445] 25,743 in the United States) per year, with a maximum grant of US$ [14,810] 16,350 (US$ [24,459] 26,420 in the United States) a year.

(c) No change

(d) No change

(e) No change

(f) No change

(g) No change

Tuition of the mother tongue

(h) An education grant may be provided to a staff member serving in a country with a national language different from his or her mother tongue who is obliged to pay tuition for the teaching of the mother tongue to a dependent child attending a local school in which the instruction is given in a language other than his or her own. The Director-General will decide in each case whether the education grant shall be paid for the tuition of the mother tongue. The maximum reimbursable amounts for teaching of the mother tongue within the overall maximum of US$ [9,750] 11,115 (US$ [17,584] 19,307 in the United States) will be published and updated regularly.

Advances against the education grant

(i) No change

Travel

(j) No change

(k) No change

Claims

(l) No change

Special education grant for disabled children

(m) No change

(n) The amount of the grant shall be 100 per cent of the admissible educational expenses actually incurred up to a maximum grant of US$ [13,000] 14,820 (US$ [23,445] 25,743 in the United States) per year. If the disabled child is eligible for the regular education grant, the claim shall be made in the first instance against the regular education grant, and reimbursement under the special education grant will be made only in respect of educational expenses incurred for the necessary special teaching or training. The combined total amount payable under the two types of grant shall not exceed US$ [13,000] 14,820 (US$ [23,445] 25,743 in the United States) per year. "Educational expenses" reimbursable under the special education grant shall consist of the expenses incurred to provide an educational programme designed to meet the needs of the disabled child in order that he or she may attain the highest possible level of functional ability. Other costs or fees directly related to the educational programme that are not optional or related to an extracurricular activity may be included in the educational expenses, but not school supplies, uniforms, insurance, donations and contributions or similar charges. If full board (accommodation and meals) is provided for a disabled child attending an educational institution at the duty station, the boarding expenses shall not be reimbursable unless it is medically certified that the full-time boarding in the institution is an integral part of the educational programme. Expenses for equipment shall also be reimbursed, if not otherwise covered under health insurance, up to a maximum of US$ 1,000 per year within the overall maximum of US$ [13,000] 14,820 (US$ [23,445] 25,743 in the United States) per year.

(o) No change

(p) No change

(q) No change

(r) No change

Currency of reimbursement

(s) No change

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INDUSTRIAL DEVELOPMENT BOARD

Twenty-seventh session
Vienna, 26-28 August 2003
Item 6 of the provisional agenda

IMPLEMENTATION OF MEDIUM-TERM PROGRAMME FRAMEWORK, 2002-2005

Report by the Director-General

Reports on the implementation of measures contained in General Conference resolution GC.9/Res.2, medium-term programme framework, 2002-2005.

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Abbreviations

AfrIPANet	Africa Investment Promotion Agency Network
AIDMO	Arab Industrial Development and Mining Organization
CAD/CAM	computer-aided design/computer-aided manufacturing
CAMI	Conference of African Ministers of Industry
CBD	Convention on Biological Diversity
CDM	Cleaner Development Mechanism
COMFAR	Computer Model for Feasibility Analysis and Reporting
COMPID	combating marginalization and poverty through industrial development
CP	cleaner production
ESCWA	United Nations Economic and Social Commission for Western Asia
EST	environmentally sound technology
GEF	Global Environment Facility
HRMF	Human Resources Management Framework
ILO	International Labour Organization
IPA	investment promotion agency
ISO	International Organization for Standardization
ITC	International Trade Centre
ITPO	Investment and Technology Promotion Office
LDC	least developed country
LME	large marine ecosystem
MTPF	medium-term programme framework
NCPC	National Cleaner Production Centre
NCPP	national cleaner production programme
NEPAD	New Partnership for Africa's Development
NGO	non-governmental organization
NIP	national implementation plan
NIS	Newly Independent State
NP	Nordic Partnership
ODP	ozone-depleting potential
OECD	Organization for Economic Cooperation and Development
POP	persistent organic pollutant
SME	small and medium enterprise
TICAD II	Second Tokyo International Conference on African Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WIPO	World Intellectual Property Organization
WSSD	World Summit for Sustainable Development
WTO	World Trade Organization

Introduction: The context

1. This document is issued in accordance with resolution GC.9/Res.2 on the medium-term programme framework (MTPF), 2002-2005. That resolution encouraged the Director-General to devote particular attention to a number of specific issues in the implementation of the Business Plan during 2002-2005, and called upon him to report to the tenth session of the Conference, through the Board, on its implementation. The present report highlights the issues selected for special attention in resolution GC.9/Res.2 and summarizes the principal measures taken in response.

2. In this connection it may be noted that at its twenty-sixth session in November 2002, the Board adopted the strategic guidelines "Towards improved UNIDO programme delivery" contained in document IDB.26/15, and through decision IDB.26/Dec.7 requested the Director-General to take these guidelines fully into account when implementing the MTPF, 2002-2005. To ensure full compliance with that decision, the strategic guidelines were issued as a booklet in March 2003, which was distributed to all UNIDO staff. In his foreword, the Director-General stressed that all staff should fully understand the guidance given by the Member States in the strategic guidelines so that UNIDO could fully meet their expectations in the design and implementation of its activities.

I. STRENGTHENING INDUSTRIAL CAPACITIES

Maintaining and reinforcing the sectoral priorities defined in the Business Plan

3. In order to enhance UNIDO's abilities to implement activities meeting the sectoral priorities defined in the Business Plan more effectively and efficiently, the Secretariat has reconfigured the Organization's structure into three divisions—two substantive and one administrative—with effect from 1 March 2002. All of the substantive areas involved in the development of technical cooperation programmes have been brought together into a single division, in order to promote a coherence of efforts, strengthen a strategic approach and improve UNIDO's delivery and

technical capacity. The second substantive division combines programme coordination, strategic research and the Regional Bureaux.

4. This change in UNIDO's structure is being accompanied by efforts to refine its eight service modules to ensure their consistency with the evolving international development agenda. Particular emphasis is paid to maintain the alignment of UNIDO's services with the Millennium Development Goals. Due account is also being taken of the important development-related decisions taken by the international community at such events as the International Conference on Financing for Development, held in March 2002 at Monterrey, Mexico, and the World Summit for Sustainable Development (WSSD), held at Johannesburg, South Africa, in August/September 2002. Recognizing the importance of productivity growth as one of the principal means of achieving the international development objectives, the UNIDO services are also being redesigned to focus on productivity enhancement.

5. While proceeding with the formulation and implementation of integrated programmes and country service frameworks, UNIDO has also developed a limited number of thematic initiatives to provide specialized assistance to developing countries and countries with economies in transition in meeting particularly pressing development needs. These are intended to address key subjects on the international development agenda while reflecting UNIDO's comparative advantages in the field of industrial development. The initiatives introduced to date cover the topics of facilitating market access, developing rural energy for productive use, and assisting in post-crisis recovery and rehabilitation.

Supporting institutional capacity-building in relation to technical regulations and standards, to facilitate market access

6. Particularly strong emphasis continues to be given to the subject of facilitating access to international markets for developing countries and transition countries by helping them to meet quality and standards requirements and overcome other technical barriers to trade. The need for support in this field to enable developing countries and transition economies to share the benefits of globalization more fully and reduce poverty has been stressed by the Ministerial Meeting at Doha of the World Trade Organization (WTO) and by the New Partnership for Africa's Development (NEPAD). In response, UNIDO launched a special initiative for trade-related technical cooperation at the Monterrey International Conference on Financing for Development. Under this initiative UNIDO provides support services focused on developing standards, metrology and conformity assessment; on assisting testing laboratories to obtain international accreditation; on supporting capacity development for ISO 9000 and ISO 14000; and on upgrading quality and productivity. Projects providing these and related services have been formulated for, or implemented in, a wide range of countries and regions.

7. The Director-General has also established an informal consultative group of representatives from interested Member States to advise and assist him in implementing the initiative on trade and market access facilitation. This group is co-chaired by the Permanent Representatives of Peru and the United Kingdom. At a meeting on 16 May 2003 many useful suggestions were made by the group regarding specific areas in which UNIDO, based on its mandate and comparative advantage, could provide practical technical assistance to developing countries and transition economies in strengthening their productive capacities, especially in the areas of quality, standards and conformity assessment. The Director-General expects the group to advise him on a continuing basis to carry out the Organization's activities in these areas.

8. UNIDO is also closely coordinating with other relevant international agencies, such as WTO, UNCTAD, ITC, UNDP and JITAP, to define and focus UNIDO's interventions in support of industrial development for market access and strengthen inter-agency cooperation in this field. Discussions on a joint programme of technical cooperation between UNIDO and WTO are in progress and are expected to be concluded during the WTO ministerial meeting scheduled for September 2003 at Cancun, Mexico. UNIDO also continues to place great importance on strengthening its cooperation with bilateral technical agencies as well as its collaboration with other parties in the trade-related initiative of NEPAD. A meeting was held in Vienna on 23 and 24 April 2003 with the participation of a number of international technical agencies to improve the coordination of technical assistance delivery to developing countries in the fields of metrology, accreditation and standardization. The meeting also considered the possibility of organizing an international seminar on these matters in 2004. In other activities at the global forum level, UNIDO actively participated in the Second International Forum on Trade Facilitation—Sharing the gains of globalization in the new security environment, held in Geneva on 14 and 15 May 2003, and continued to contribute to the WTO/OECD database on trade-related technical assistance and the United Nations Trade Facilitation Network. New promotional materials and a web site on UNIDO's trade-related initiative are under preparation for better dissemination of information.

Promoting investment and technology transfer, sectoral interaction with the private sector and interregional cooperation

9. UNIDO's investment and technology promotion activities focus on promoting partnerships and organic ties (such as technology transfer, subcontracting, joint marketing and other forms of strategic agreements) between foreign and domestic enterprises. Particular emphasis is placed on strengthening the capacities of investment promotion agencies (IPAs) and relevant private sector institutions in the identification, formulation, appraisal and promotion of investment projects. This is accompanied by the formulation of enterprise and investment project profiles, and their promotion through the Investment and Technology Promotion Office (ITPO) network, usually by trained national staff seconded to ITPOs. Special investment forums are also organized, usually at the subsector or bilateral levels but occasionally at the broader regional or multi-sector levels, as at the Organization of African Unity (subsequently renamed the African Union) Forum at Cairo in April 2002.

10. In addition, regional networks of IPAs are being established to provide UNIDO with a focus group for developing new approaches and generating unique empirical analyses. One such network, the Africa Investment Promotion Agency Network (AfriPANet), has already been established in sub-Saharan Africa, in the context of which a survey is being carried out in 2003 to establish the level of interest of foreign investors in making further investments in the region and their requirements for undertaking such investment. The results of this survey, which will be released at the next meeting of AfrIPANet proposed as a side event to the UNIDO General Conference (1-5 December 2003), will be used to design practical programmes for assisting developing countries in mobilizing foreign and domestic investments. This IPA network concept is currently being extended, including to India and Latin America.

11. Efforts have continued to strengthen the linkages of UNIDO's investment promotion activities with its environment and energy services, e.g. in a project in the Savannakhet industrial zone in the Lao People's Democratic Republic focusing on expanding local industrial capacity in the textile and wood sectors. This project also provided for the Government to standardize the contract package for using private financing for the hydropower export-oriented scheme. Meanwhile, UNIDO's well-established Computer Model for Feasibility Analysis and Reporting (COMFAR) is being redesigned with the United Nations Environment Programme (UNEP) to take account of environmental issues and will be released in a new version called "Green COMFAR".

12. Measures are also being taken to enhance cooperation with development financing institutions and national/regional equity funds, such as the African Communications Agency in Nigeria, to establish more direct links between the investment opportunities generated by UNIDO programmes and equity financing mechanisms. A large-scale three-year cooperation programme has been established with the Islamic Development Bank/Islamic Corporation for the Insurance of Investment and Export Credit, and will be implemented in four countries (Bangladesh, Sudan, Uganda and Yemen), from September 2003. Similarly, a venture capital fund located in Bahrain has expressed interest in collaborating with UNIDO and the Arab Regional Centre for Entrepreneurship and Investment Training to finance investment projects in countries in the Arab region.

Assisting in the development of small and medium enterprises through policy advice and the strengthening of support institutions, with special emphasis on rural and women entrepreneurship

13. In continuing to promote effective policies and specialized support for small and medium enterprise (SME) development, the focus of UNIDO services has been sharpened further to foster customized responses to the needs of different groups of countries and support institutions. Emphasis has been placed on least developed countries (LDCs), with over 40 per cent of delivery going to that group of countries.

14. With regard to industrial strategies and institutional support, competitiveness analyses and benchmarking systems have been developed for countries to track their manufacturing performance and measure it against peer and competitor nations. An analysis of the improvement of Thailand's manufacturing competitiveness through the promotion of technology, productivity and linkages has been published in Technical Working Paper No. 8. In addition, SME policy frameworks have been developed for Ghana and Iran (Islamic Republic of), defining the role that SMEs should play in fostering socio-economic development in those countries and recommending appropriate institutional arrangements for advocacy and coordination for formulating, implementing and monitoring effective SME policy measures and support programmes. A large-scale assistance programme in Viet Nam also focuses on enhancing the dialogue between representative business organizations and public bodies. In the United Republic of Tanzania, an SME policy document prepared with the support of UNIDO has been ratified by the Cabinet.

15. The objective of rural and women's entrepreneurship development, to eradicate poverty, is one of the goals of the United Nations Millennium

Declaration. In supporting the achievement of this goal, UNIDO continues to encourage and support aspiring entrepreneurs in rural areas, in particular women in sub-Saharan Africa. Based on accumulated experience and lessons learned, a new initiative focusing on post-crisis assistance, with an emphasis on Africa, has been developed. As a first step, a strategic framework is being developed to prepare the ground for a global application of the initiative. In parallel, stock-taking/formulation missions to crisis-stricken areas are being undertaken to collect information on criteria to be applied in future for determining the eligibility of such areas for post-crisis assistance. To promote UNIDO's rural and women's entrepreneurship development programme a new brochure and short video film entitled *A path out of poverty* have been issued.

16. The SME cluster and network development programme continues to play an important role in assisting SMEs. In this context, the recently launched Swiss-funded research and demonstration project has so far resulted in a draft study, prepared with the Institute for Development Studies of the United Kingdom, on the impact of SME cluster/network development initiatives on poverty alleviation. Subsequently, recommendations and tools will be tested empirically in selected SME clusters in India. A global training course on SME cluster development for policy makers and practitioners is being developed in cooperation with the ILO Training Centre at Turin, Italy, and will be launched in the first half of 2004.

17. The UNIDO business partnership programme gained further momentum and recognition in building partnerships between the public and private sector for implementing technical cooperation schemes. In South Africa UNIDO is cooperating with multinational car manufacturers to assist small automotive component suppliers in gaining access to the international market. In its National Cleaner Production Centre (NCPC) network, and based on a pilot project in Morocco, UNIDO is working with the German chemical company BASF to help SMEs introduce cleaner and more efficient production methods. Based on its know-how and expertise in this area, UNIDO gained accession to the United Nations Global Compact as one of the five core United Nations agencies in May 2003. In this new capacity, UNIDO will continue to support the efforts of SMEs to understand and embrace good corporate citizenship practices.

Promoting South-South cooperation

18. South-South cooperation is actively promoted by UNIDO. For example, the Asia-Africa Investment and Technology Promotion Centre is now in its fourth year of operation since its creation in the context of South-South cooperation in general and Asia-Africa cooperation in particular, with the support of the Japanese Government, following the Second Tokyo International Conference on African Development (TICAD II).

Promoting the transfer of technology, particularly in the fields of agro-related technology, information and communications technology, and biotechnology

19. Technology-enabling services focus on the establishment and promotion of networks, technology centres, methodologies and tools for capacity-building, and for strengthening the global forum-oriented activities. Major developments in 2002 and 2003 include:

(a) The establishment of the Shanghai Information Technology Promotion Centre, the International Centre for Materials Technology Promotion in China and the International Centre of Medicine Biotechnology in Moscow; ongoing efforts to establish an international technology diffusion and SSI support centre in India;

(b) The establishment of a partnership with the World Intellectual Property Organization (WIPO) for the training of entrepreneurs in the SME sector in the field of intellectual property rights and technology commercialization;

(c) An initiative on "Technology transfer: Assessing needs—promoting action" launched at WSSD;

(d) A technology needs assessment survey and plan of action for further technical assistance undertaken in the framework of the integrated programme for the Lao People's Democratic Republic;

(e) UNIDO's accreditation as an observer to the WTO Working Group on Trade and Transfer of Technology;

(f) The refinement of the technology management concept around the development of national innovation systems to establish links among various stakeholders such as Governments, science and technology institutions, industries, research and development institutes and academia, for technology development, promotion and extension services.

Extending technology foresight activities to all regions

20. UNIDO has taken the following measures to promote its technology foresight operations and extend them beyond the existing programmes for Latin America and Central and Eastern Europe and the Newly Independent States (NIS) to all regions:

(a) In Latin America new activities have been initiated in Chile and Uruguay. Over the remainder of

the MTPF period, the programme will be extended to cover several other countries in the region, and a set of regional technology foresight studies will be undertaken on a number of important production chains and thematic fields;

(b) In the case of Central and Eastern Europe and NIS, UNIDO organized conferences on technology foresight for Ukraine and the Russian Federation in September 2002 and March 2003 respectively. In addition, UNIDO convened a Technology Foresight Summit in March 2003 at Budapest in cooperation with the Government of Hungary, which focused on biotechnology in Central and Eastern Europe;

(c) With a view to extending the technology foresight operations to Asia, UNIDO is negotiating special programmes with several countries, including China, India, Indonesia and Thailand, on a cost-sharing basis;

(d) Proposals on technology foresight for the Arab region are being developed in cooperation with ESCWA and AIDMO. A proposal for a regional technology foresight exercise in the Maghreb region has also been developed;

(e) In the case of Africa, contacts have been established with the Commonwealth Science Council to participate in a regional technology foresight exercise in Southern Africa.

21. A number of other steps are being taken to strengthen further the role of technology foresight in the range of technical cooperation services offered by UNIDO. These include the preparation of a UNIDO sales publication on technology foresight and a manual for foresight methodologies, which is currently in progress.

II. CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

Developing further cleaner production activities focused, among others, around the UNIDO/UNEP National Cleaner Production Centres

22. UNIDO supports NCPCs and national cleaner production programmes (NCPPs) in more than 30 countries, and additional programmes are expected to start in the near future in Armenia, Bulgaria, Cambodia, Egypt, Jordan, Pakistan, Philippines and the United Arab Emirates. In line with the Millennium Development Goals and the Johannesburg Declaration on Sustainable Development, UNIDO has developed a holistic and sectoral cleaner production (CP) strategy aimed at promoting productivity growth and competitive market access through cleaner production methods and the development and transfer of environmentally sound technologies (ESTs). A principal focus is the promotion of the transfer, absorption, adaptation and diffusion of quality and productivity enhancing ESTs, which requires the integration of various technical, financial and policy dimensions.

23. UNIDO's network of NCPCs and NCPPs constitutes an excellent source of local capacity for the implementation of projects related to Multilateral Environmental Agreements, such as the Cleaner Development Mechanism (CDM) of the Kyoto Protocol, the Global Environment Facility (GEF), the Stockholm Convention on Persistent Organic Pollutants (POPs) and the Montreal Protocol. In this connection the CP programme has already begun to cooperate with UNIDO's energy efficiency services for the training of NCPC and NCPP staff, and for the identification, development and implementation of technical cooperation projects to be submitted for funding to the Kyoto Protocol and GEF.

24. The UNIDO CP programme also seeks to support the transfer of CP technology and lessons learned between countries and regions. Activities specifically designed to support this goal include the annual meetings of UNIDO/UNEP NCPCs aimed at exchanging experiences between the different NCPCs and NCPPs and enhancing expertise in CP-related fields, the exchange of experts between recently-created NCPCs or NCPPs and experienced ones, and the establishment, coordination and facilitation of formal international and regional CP networks. In this context a meeting of senior government representatives and directors of NCPCs from 19 Latin American and Caribbean countries at Havana from 18 to 20 March 2003 agreed to the establishment of a regional cleaner production programme for Latin America and the Caribbean.

Implementing the assistance programme for greenhouse gas reduction, increased energy efficiency and the increased use of renewable and alternative sources of energy

25. Since industrial energy systems consume huge amounts of energy, there is considerable scope to reduce energy consumption and greenhouse gas emissions across the industrial sector, and at the same time to enhance industrial productivity and reliability by improving the design and operation of energy systems. UNIDO technical cooperation in this field helps to improve the efficiency of industrial energy systems through the transfer of knowledge, skills and assessed information, which, once acquired by the recipient, can be replicated through various kinds of in-country training programmes.

26. An example of the impact of UNIDO's work on systems optimization is given by a project to improve the effectiveness of the pumping system of a pharmaceuticals plant in China by applying correctly sized

pumps, improving the piping arrangements and adding variable frequency drives to the system. The total investment amounted to only $150,000, but with annual energy savings of 1.06 million kWh, the project's payback was 1.8 years. Similarly, UNIDO is also providing assistance in industrial energy efficiency to SMEs in developing countries and transition economies, both directly through energy audits with subsequent advice and indirectly through institutional strengthening. In doing so, the Organization is contributing to a reduction of energy consumption per unit of output produced, and thereby improving the competitiveness of these SMEs in local and international markets.

27. UNIDO is also continuing to emphasize the promotion of renewable and alternative sources of energy, especially in rural areas. Thus, the UNIDO International Centre for Small Hydropower in Hangzhou China, which has been promoting small and micro-sized hydroelectric power plants for village-level power in poor areas of China and other developing countries, has recently been supplemented by a Regional Centre for Small Hydro Power in Kerala, India. This will convincingly demonstrate the Organization's case for "Rural Energy for Productive Use" in South and East Asia.

28. In addition, UNIDO has continued to support capacity-building measures for the greenhouse gas reduction mechanisms of the Kyoto Protocol, such as the CDM. The Organization's activities in this context can be summarized as:

(a) Strengthening institutional capacity in developing countries to correctly apply the guidelines and methodologies for the development and implementation of projects under the CDM and Joint Implementation under the Kyoto Protocol;

(b) Seeking international collaboration, especially with international and regional organizations, development banks and energy technology centres;

(c) Enhancing public awareness of energy and climate change problems, and helping to develop the strategy and methodologies to solve the problems.

Supporting environmentally sustainable industrial development strategies and technologies in agro-industrial sectors

29. Agro-related industries remain the prime sectoral focus of UNIDO's technical cooperation activities. The programmes in these subsectors seek to add value to agricultural produce, assist institutions in supporting productive agro-related enterprises, link industry to agriculture, and assist producers to meet market and environmental requirements. In particular, these programmes offer environmentally sustainable development strategies and technologies for the food, textile, leather, wood and agro-machinery industries.

30. UNIDO services for the food industry have concentrated on the transfer, adaptation and dissemination of technology for product and process improvement, preservation and safety, storage and by-product utilization. These programmes have focused on micro, small and medium enterprises, and have sought to strengthen the competitiveness of their products in domestic, regional and international markets. The very successful programme on fish safety and quality in Uganda and the United Republic of Tanzania is being replicated in other countries and the methodology applied in other subsectors.

31. In the case of the textile industry, UNIDO is providing assistance in a wide variety of fields, including policy advice, sector studies, the establishment or upgrading of research and development centres and training institutions, and the transfer of modern textile and garment production technologies. The Organization is also giving support to enterprises during the phase-out of the Multi-Fibre Agreement and helping the textile industries of sub-Saharan Africa to take advantage of the African Growth and Opportunity Act. These activities will be continued and strengthened during the current MTPF and successful programmes, such as the tissuetheque programme to promote the traditional textile industry in West Africa, will be replicated.

32. The services offered by UNIDO in the leather industry encompass advice to support institutions and the demonstration of environmentally friendly processes and technologies in the entire production chain. During 2002 and in the first half of 2003 UNIDO provided assistance in the establishment of a technology institute for leather and leather products in Ethiopia as well as a service centre in Morocco. Waste treatment plants have been established in Ethiopia, and process optimization activities (cleaner technologies) have been implemented in several African countries. Activities for market access for leather products have also been successfully implemented in Kenya and Ethiopia. From 2002 to 2005 the UNIDO leather programme will focus increasingly on technical support for market access, environmental issues, eco-labelling and safety at work. In addition, successful programmes such as the Training and Production Centre for the Shoe Industry established at Thika, Kenya, will be replicated.

33. In the wood sector, UNIDO has concentrated on the transfer and dissemination of technology for product and process improvement, and will continue to provide advice and demonstration activities to increase value added to wood and non-wood (e.g. bamboo) forest products through the manufacture of furniture and joinery items for building and the rational use of timber

for construction. Particular emphasis will continue to be placed on the promotion of industrial bamboo processing into such high value-added products as floorboards and furniture. Concrete project activities in this respect are well under way in Cuba, Ghana and India, with a strong emphasis on South-South cooperation. Other major activities in this sector will include the transfer of technology and know-how, re-engineering of production lines, assistance in the design of marketable products for export using CAD/CAM software, and the promotion of environmentally friendly processes and products. In order to improve industrial linkages and knowledge exchange, the establishment of an Internet-based wood and bamboo industry project navigator database is under preparation.

34. UNIDO's programme in the agro-related machinery industry is concentrated on the transfer, adaptation and dissemination of appropriate tools, agricultural machinery, post-harvest equipment, small-scale irrigation systems and low-cost transport devices that can play an important role in sustaining land and agricultural productivity, improving rural income and generating employment. Technical assistance is also provided for the production of such technologies locally through capacity-building of the metalworking industries and relevant institutions.

Supporting sustainable industrial development in accordance with international instruments and conventions

35. UNIDO continues to place high priority on the implementation of sustainable industrial development strategies in accordance with such international instruments and conventions as the Stockholm Convention on Persistent Organic Pollutants, the Cartagena Protocol on Biosafety of the Convention on Biological Diversity (CBD), and the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

36. UNIDO is working closely with GEF as a member of its Task Force on POPs. As an executing agency with expanded opportunities for GEF-funded projects in support of the Stockholm Convention, UNIDO has received approvals for 37 enabling activities projects for the preparation of national implementation plans (NIPs). In assisting the developing countries and economies in transition in developing their NIPs, due regard was given to building national capacities in the management of POPs, including conducting inception workshops and training programmes in the preparation of POPs inventories with full stakeholder participation.

37. In May 2003, the GEF Council approved a global programme formulated by UNIDO to demonstrate the viability and removal of barriers that impede the successful implementation of available non-combustion technologies for destroying POPs. The Programme will successfully use such technologies to destroy significant obsolete POP stockpiles in countries with developing economies and economies in transition, and it will thereby help remove barriers to the further adoption and effective implementation of available non-combustion technologies and meet the Stockholm Convention requirement to ensure the use of Best Available Techniques and ensure Best Environmental Practices.

38. UNIDO is also developing a programme for the demonstration of viability and removal of barriers that impede adoption and effective implementation of available, environmentally sound non-combustion technologies for re-utilizing mixed plastic waste, including polyvinyl chloride (PVC) to avoid generation of unintentional POPs. This is aimed at helping Member States to address the global plastic waste crisis, especially that posed by PVC, by promoting effective environmentally sound technologies for the re-utilization of such wastes in other economic sectors. GEF has also approved a UNIDO/UNEP medium-size project on NGO capacity-building. This project aims at strengthening the participation of NGOs in the implementation of the Stockholm Convention. UNIDO is also participating in the GEF-funded Africa stockpile programme.

39. As indicated above (para. 28), UNIDO is continuing to support capacity-building measures for the implementation of the provisions of the Kyoto Protocol. These activities will also be sustained for the remainder of the current MTPF.

40. In connection with the Cartagena Protocol, UNIDO has continued to assist Member States in building the scientific and regulatory capacities to fulfil its provisions. In addition, UNIDO assists the CBD Secretariat in implementing one of the main technical provisions of the CPB, the biosafety clearing-house mechanism. Both of these activities will continue for the duration of the MTPF.

Providing access to modern and efficient energy services for the poorest

41. Based on its comparative advantages in this field, UNIDO has developed a strong rural energy programme. The projects implemented under this programme seek to demonstrate the feasibility of renewable energy based on hybrid systems, which give rural off-grid communities access to power for various income-generating activities, resulting in poverty alleviation and reduced incentives for rural-urban migration. The Centres for Small Hydropower in Hangzhou, China, and Kerala, India, noted in paragraph 27 above play an important role in this connection by showing how decentralized power generation can provide effective energy services to off-grid rural communities.

Continuing cooperation with GEF

42. Cooperation with GEF is being undertaken in several fields in which UNIDO has a comparative advantage. Apart from the POPs-related activities noted above (paras. 35-38), these include rural energy projects in a number of poor countries and regions as well as activities related to the implementation of the Kyoto and Montreal Protocols.

43. A particularly important area of cooperation is in the focal area of international waters. Preparatory funding has been approved by GEF for several regional programmes focusing on the restoration of fisheries and coastal zone management in the context of large marine ecosystems (LMEs). These include the Guinea Current LME in West Africa, the Humboldt Current LME covering Chile and Peru, and the Gulf of Mexico LME covering Cuba, Mexico and the United States of America. These LME-related activities are consistent with UNIDO's strategy to support the WSSD resolution to achieve sustainable fisheries and to restore depleted fisheries by the year 2015.

44. Another area of cooperation with GEF in 2002 and 2003 is the programme on transfer of environmentally sound technologies being implemented by UNIDO with GEF funding. This is focused on the protection of the water resources of the Danube River Basin, and specifically on industrial pollution hot spots in Bulgaria, Croatia, Hungary, Romania and Slovakia. In this project, UNIDO has developed a groundbreaking new methodology for integrating the principles of sound environmental management with the transfer of environmentally sound technologies.

45. Similarly, a new regional initiative has been launched in Central Europe with the assistance of GEF, which provides for the preparation of a strategic action programme for the Dnieper River Basin and the development of implementation mechanisms. It aims at identifying measures for the sustainable protection of Europe's third largest river, the transboundary Dnieper, and through this to contribute to the protection of international waters.

46. In 2002, UNIDO began to implement the GEF-funded project for the removal of barriers to the introduction of cleaner artisanal gold mining and extraction technologies. The $6 million global project covers gold mining areas in Brazil, Lake Victoria and adjacent small-scale gold mining areas in the United Republic of Tanzania, artisanal mining sites along the Nile in Sudan, small-scale gold mining along the tributaries of the Zambezi in Zimbabwe, river bed gold mining activities along the Mekong in the Lao People's Democratic Republic, and river bed gold mining activities along rivers in Kalimantan draining into the Java Sea. The project will continue until 2005.

47. Under the auspices of GEF, UNIDO has also developed a comprehensive study on indicators of sustainability for the mineral extractive industry to address sustainable development issues associated with the extraction and processing of mineral commodities that are of major concern to mining enterprises and mining communities, in an attempt to design sustainably sound processes and products. In addition, UNIDO participated actively in the Third World Water Forum at Kyoto, Japan, which focused on the demand side issues of water by industry, and is planning to convene a top-level symposium on industrial fisheries, food security and the sustainability of LMEs in the second half of 2003.

Pursuing activities related to the phasing out of ozone-depleting substances as defined in the Montreal Protocol

48. In the first year of the current MTPF, UNIDO's Montreal Protocol-related activities included the completion of 45 investment projects, which involved the phasing out of more than 2,870 ozone-depleting potential (ODP) tonnes, as well as six training/technical assistance projects and two institutional strengthening projects. During the same year the Organization, for the first time, had to prepare and submit a three-year rolling business plan, addressing a new portfolio of approved projects amounting to approximately $130 million. The plan aimed at addressing the need for compliance with reduction targets of chlorofluorocarbons, trichloroethane, carbon tetrachloride and methyl bromide. Planned activities include phase-out plans, investment projects and country programme updates.

49. For 2003, the total value of projects planned for submission is about $40 million that will lead to the phase-out of over 7,000 ODP tonnes. The plan includes 10 multi-year agreements for sectoral and substance phase-out, 22 new multi-year performance-based agreements, 14 individual investment projects and one refrigerant management plan. In 2003, UNIDO's Montreal Protocol-related activities will cover various sectors in 27 countries in all regions. For 2004 to 2005, UNIDO plans to submit projects valued at approximately $40 million annually.

III. GLOBAL FORUM ACTIVITIES

Ensuring that technical cooperation activities are supported by cost-effective and output-oriented analytical activities

50. UNIDO continues to emphasize cost-effective and output-oriented analytical activities to provide a strong analytical foundation for its technical cooperation activities. Examples of such work undertaken or planned in the current MTPF include the publication of working papers within the framework of the UNIDO Staff Research Series; COMPID (combating marginali-

zation and poverty through industrial development) strategic research programme to produce strategies and guidelines for improving technical cooperation; the preparation of surveys, analyses and databases on industrial development issues; the formulation of manuals, guidelines and toolboxes for specific technical cooperation activities; and the holding of expert group meetings to discuss matters of relevance to those activities.

Using global forum activities to improve programmatic activities and enhance common understanding of the contribution of industry to poverty alleviation and economic linkages

51. In addition to its analytical work undertaken in direct support of its technical cooperation, UNIDO also conducts broader global forum activities intended to improve its programmatic framework and promote public awareness of industry as a driving force for sustainable poverty alleviation and economic development. The range of such activities in the current MTPF period includes:

(a) The launch of the *Industrial Development Report 2002/2003: Competing through innovation and learning* on 30 July 2002. This report is the first of a new series of publications intended to provide UNIDO clients with a learning tool drawing on empirical benchmarking of industrial performance and capabilities, and on practical examples related to linkage, leverage and learning. It has attracted considerable interest from Governments, industry and support institutions, which have found the guidelines for strategies to enhance industrial competitiveness and the organization of institutions to support innovation and technological upgrading contained in the report to be particularly useful. A unique feature is the scoreboard of industrial performance and its drivers, which enables countries to assess and benchmark their performance and their capabilities to catch up with more advanced countries. A web site has been established for the dissemination of the analyses contained in the report and a number of background papers prepared for it;

(b) The preparation of the next *Industrial Development Report*. This report, to be published by mid-2004, will address the role of industrialization in achieving the Millennium Development Goals, with a focus on the sub-Saharan African countries. The selection of this topic relates to the high priority given to UNIDO's contribution to the United Nations Millennium Project, which is in charge of implementing the Millennium Declaration subscribed by 152 Heads of State in September 2000. The report will highlight the strategic and policy dimensions of structural change relating to the achievement of the goals by 2015 as they pertain to industrial development and environmental sustainability, thus contributing to increasing the effectiveness of the efforts involved by the international community and the least developed countries;

(c) The implementation since January 2002 of a three-year, Danish-funded research programme on COMPID. Comprising five research projects (market failures and public goods, poverty alleviation, technological development, SMEs and social capital), the programme aims to improve the impact of UNIDO's programmatic activities. A peer review group of well-acclaimed international experts will vet the outcome of the research projects and provide guidelines on the synergies and coherence among the five projects;

(d) Support to several subregional Conferences of African Ministers of Industry (CAMI). With the consensus reached on NEPAD, collective actions at the regional level and improvement of industrial performance have become important for the region. UNIDO was instrumental in raising awareness on constraints to the industrial development of the region, informing on experiences from other regions and offering solutions;

(e) International Conference on the Process of Innovation and Learning in Dynamic City-Regions, Shenzhen, China, 7-9 December 2002. The objective of the meeting was to analyse the development patterns of regions that have emerged during recent years as powerful nodes of the global economy. During the meeting a Global Network of Innovating and Learning City-Regions was established to provide a platform for the sharing of experiences gained from the participating city-regions;

(f) The collection (in collaboration with OECD), upgrading and dissemination of key industrial statistics for all countries. The 2002 and 2003 updates of the industrial statistics databases maintained by UNIDO have been completed and published in both CD-ROM and print versions, and the 2004 and 2005 rounds are scheduled as annual routine. Moreover, the first edition of the re-designed Internet-based *Statistical Country Briefs*, another major dissemination product of the databases, has been completed. In the remainder of the MTPF period, the launch of a new publication series tentatively entitled *Statistical Regional Outlooks* is proposed;

(g) UNIDO's involvement in technical meetings, both as a host and a participant, remains a major component of its global forum activities. Examples of such involvement include the holding of a series of training workshops on industrial governance and the planned joint hosting, with the Government of Chile, of the Global Biotechnology Forum at Concepción, Chile, in March 2004 (IDB.27/15). In addition, UNIDO participates in most of the major

regular and occasional international conferences in the various technical fields covered by the Organization.

52. A major feature of UNIDO's global forum activities is the Organization's networking with research institutions and universities. In this context, a research cooperation agreement with the Centre for Study of African Economies at Oxford University, initiated in 1999, has been renewed for a two-year period (2002 and 2003). The UNIDO research fellow is undertaking research on topics such as export performance, firm efficiency and growth, investment and poverty alleviation. The partnership also includes training programmes for civil servants and researchers from francophone Africa, the preparation of industrial surveys and a rapid-response mechanism supporting decision-making of UNIDO senior management.

53. UNIDO is also participating as a knowledge partner in the Nordic Partnership (NP) initiative founded by the World Wide Foundation for Nature in the four Nordic countries and the Danish strategic forum, House of Mandag Morgen. This partnership includes 17 major Nordic companies, and is currently being extended. UNIDO is working with the partners to develop, promote and implement a new approach on how to integrate sustainable development into the business model, and so ensure that business can take on global responsibility—socially, environmentally and financially. Participation of the NP companies in a UNIDO corporate social responsibility/triple bottom line technical cooperation project in five countries in South-East Asia is being initiated.

54. As a contribution to the debate on how best to stimulate environmentally sound technical change in developing countries and as a direct input to UNIDO's participation in the WSSD, UNIDO conducted a study of the determinants of firm-level adoption of EST in nine countries. The objective was to document the factors that have influenced firms to adopt ESTs over the past decade, and to assess their relative importance in terms of company and country-specific conditions. Insights gained will enable UNIDO to develop its policy advisory services with regard to industrial, technology and environmental policies and better orient its technical cooperation services.

Participating in, and contributing to, major development conferences

55. UNIDO is continuing to play an active role in major development conferences, as outlined in detail in chapter 1 of the *Annual Report 2002*. High-level UNIDO delegations, headed by the Director-General, participated in both the International Conference on Financing for Development and the World Summit on Sustainable Development. In both cases, UNIDO's participation at various levels during the preparatory and follow-up stages of these conferences has led to increased cooperation with other members of the international development community. Of particular relevance in this context has been UNIDO's involvement in WTO trade-related technical cooperation activities emanating from the fourth WTO Ministerial Conference at Doha.

IV. FIELD REPRESENTATION

56. This subject will be covered in detail in a separate document IDB.27/21.

V. HUMAN RESOURCES MANAGEMENT

The further development of the Human Resources Management Framework while ensuring its effectiveness and efficiency

57. Detailed information on the further development of the Human Resources Management Framework (HRMF) is provided in the report of the Director-General on personnel matters (IDB.27/16). That document reports specifically on the promulgation, in January 2003, of the second phase of the Framework, which follows upon the introduction of a new performance appraisal system in 2002 and provides the supporting mechanisms to promote and reward professional excellence. It does so through the introduction of a system of performance and merit recognition, as well as recognition of horizontal staff mobility. Moreover, it introduces the concept of merit recognition for team leaders of integrated programmes.

58. A further aspect of the Framework, which deals with organizational learning, is being and will continue to be implemented during the period covered by the MTPF. This includes an executive development and management programme dealing specifically with the strengthening of professional excellence, as well as specific management competency development programmes, such as team leadership. The development of additional mechanisms and programmes that promote professional excellence for all staff levels is part of the HRMF and will continue.

VII. ACTION REQUIRED OF THE BOARD

59. The Board may wish to take note of the information in the present document and make appropriate recommendations to the General Conference.

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MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS

Applications from non-governmental organizations for consultative status

Note by the Director-General

Provides information on the following non-governmental organization applying for consultative status with UNIDO: World Federation of Free Zones (FEMOZA).

1. In accordance with Article 19.1 (b) of the Constitution of UNIDO and the Guidelines for the Relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (decision GC.1/Dec.41), in particular paragraph 17 of the annex thereto, information on one non-governmental organization (NGO) seeking consultative status with UNIDO is circulated to the members of the Board in the annex to the present document. More detailed information on the NGO is available with the Secretariat.

2. Paragraph 17 of the annex to the Guidelines stipulates that the Board shall establish appropriate procedures for reviewing applications from NGOs for consultative status. To facilitate and accelerate its work, the Board may wish to follow the practice established at previous sessions and request the Bureau of the Board to review the application of, and information on, the NGO referred to in the annex to the present document and to submit its recommendations to the Board for consideration at its current session.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

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Annex

NON-GOVERNMENTAL ORGANIZATIONS APPLYING FOR CONSULTATIVE STATUS

The designations employed and the presentation of the material in the present document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

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WORLD FEDERATION OF FREE ZONES (FEMOZA)

Historical background

FEMOZA was founded in Geneva, Switzerland, on 22 December 1999 to gather and further free zones of all types worldwide.

It promotes free zones by providing juridical, technical and economic support with special priority given to emerging economies.

Statutes

Available

Structure of governing bodies and administration

General Assembly: supreme body.

Executive Committee: composed of a minimum of five members (president, vice-president, treasurer, secretary general, and others).

Activities related to the work of UNIDO

For the last few years free zones have developed very fast. They have become the solution for many countries to increase employment, guide export strategies and to positively influence their economies. Within that context, FEMOZA:

Provides technical consultancies as well as training and help schemes facilitating the transfer of know-how necessary for the development of free zones;

Organizes educational programmes among the member free zones, either directly or by agreements with other institutions;

Reinforces free zones through transfer of technologies in agreement between user companies;

In the area of investment, assists free zone managements in following the best management practices, advises and guides new and emerging free zones, trains staff and provides ad hoc assistance;

Maintains its own database and provides access to other international databases and publishes periodical information bulletins;

Promotes internships and employees exchange programmes;

Organizes lectures and workshops in order to narrow knowledge gap on free zones and spread information on advantages and possibilities of free zones in relation to industrial, trade, financial, logistics and service activities.

Relations with the United Nations and other IGOs

United Nations, ITC, UNCTAD, UNEP, World Bank and WTO.

Relations with NGOs/Membership

Multilateral Investment Guarantee Agency, Foreign Investment Advisory Service, World Association of Investment Promotion Agencies.

Address of headquarters

Head office:
7, Route de Drize
1211 Geneva
Switzerland

Postal address:
P.O. Box 182
CH-1239 Collex-Geneva
Switzerland
Fax: +34-937-41-00-43
E-mail: info@femoza.com
Web site: www.free-zones.org

President: Mr. Juan Torrents
Tel.: +34-937-963-692

Vice-President: Mr. Peter F. Ryan
Tel.: +44-1622-817-644

Liaison with United Nations:
Mr. Francesc J. Vendrell
Tel.: +33-450-42-71-19